

STATE OF ILLINOIS
PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

FINANCIAL AUDIT
(In Accordance with the Single Audit Act
and OMB Circular A-133)
For the Year Ended June 30, 2007

Performed as Special Assistant Auditors
for the Auditor General, State of Illinois

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

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PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

OFFICIALS

Regional Superintendent
(Current and during the audit period)

Dr. Gerald Brookhart

Assistant Regional Superintendent
(Current and during the audit period)

Dr. Jeffry Nelson

Offices are located at:

324 Main Street, Room 401
Peoria, Illinois 61602

Two Rivers Professional Development Center
10112 W. Dubois Road
Edwards, Illinois 61528

Area III Learning Technology Center
10112 W. Dubois Road
Edwards, Illinois 61528

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

COMPLIANCE REPORT SUMMARY

The compliance audit testing performed in this audit was conducted in accordance with *Government Auditing Standards* and in accordance with the Illinois State Auditing Act.

AUDITOR'S REPORTS

The auditor's reports on compliance and on internal controls do not contain scope limitations, disclaimers, or other significant non-standard language.

SUMMARY OF AUDIT FINDINGS

<u>Number of</u>	<u>This Audit</u>	<u>Prior Audit</u>
Audit findings	6	4
Repeated audit findings	4	2
Prior recommendations implemented or not repeated	0	6

Details of audit findings are presented in a separately tabbed report section.

SUMMARY OF FINDINGS AND QUESTIONED COSTS

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
<u>Findings (Government Auditing Standards)</u>		
07-1	12	Controls over financial statement preparation
07-2	16	Expenditure reports not submitted timely
07-3	18	Inadequate controls over property and equipment
07-4	20	Control over compliance with laws and regulations
07-5	21	Lack of cost allocation plan
07-6	25	Failure to allocate interest earned
<u>Findings and Questioned Costs (Federal Compliance)</u>		
07-2	16	Expenditure reports not submitted timely
07-5	21	Lack of cost allocation plan
07-6	25	Failure to allocate interest earned

Prior Audit Findings Not Repeated (Government Auditing Standards)

None

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

COMPLIANCE REPORT SUMMARY - CONTINUED

SUMMARY OF FINDINGS AND QUESTIONED COSTS - CONTINUED

<u>Item No.</u>	<u>Page</u>	<u>Description</u>
		<u>Prior Audit Findings Not Repeated (Federal Compliance)</u>
None		

EXIT CONFERENCE

The findings and recommendations appearing in this report were discussed with ROE personnel during a telephone conference on January 15, 2008. Participating were Larry Williams, ROE consultant; and Lynn Roos, ROE Office Manager.

After additional discussions and follow-up, formal responses to the recommendations were provided by Peoria County Regional Office of Education #48 personnel in correspondence dated April 25, 2008.

INSERT FINANCIAL STATEMENT REPORT TAB HERE

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

FINANCIAL STATEMENT REPORT SUMMARY

The audit of the accompanying basic financial statements of the Peoria County Regional Office of Education #48 was performed by Kerber, Eck & Braeckel LLP.

Based on their audit, the auditors expressed an unqualified opinion on the agency's basic financial statements.

INSERT AUDITOR'S REPORT TAB HERE



Kerber, Eck & Braeckel LLP

Independent Auditor's Report

CPAs and
Management Consultants

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Carbondale, IL 62903-1417
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Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Peoria County Regional Office of Education #48, as of and for the year ended June 30, 2007, which collectively comprise the Peoria County Regional Office of Education #48's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Peoria County Regional Office of Education #48's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Peoria County Regional Office of Education #48, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 11, 2008 on our consideration of the Peoria County Regional Office of Education #48's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and Illinois Municipal Retirement Fund Schedule of Funding Progress on pages 39 through 44 and 77 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Peoria County Regional Office of Education #48's basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules, Schedule of Disbursements to School District Treasurers and Other Entities – Distributive Fund, and the Schedule of Expenditures of Federal Awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kerber, Ede + Brueckel LLP

Carbondale, Illinois
August 11, 2008



Kerber, Eck & Braeckel LLP

CPAs and
Management Consultants

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Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards*

Honorable William G. Holland
Auditor General
State of Illinois

As Special Assistant Auditors for the Auditor General, we have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Peoria County Regional Office of Education #48, as of and for the year ended June 30, 2007, which collectively comprise the Peoria County Regional Office of Education #48's basic financial statements and have issued our report thereon dated August 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Peoria County Regional Office of Education #48's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements and not for the purpose of expressing an opinion on the effectiveness of the Peoria County Regional Office of Education #48's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Peoria County Regional Office of Education #48's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in the internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Peoria County Regional Office of Education #48's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Peoria County Regional Office of Education #48's financial statements that is more than inconsequential will not be prevented or detected by the Regional Office of Education #48's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting as items 07-1, 07-2, 07-3, 07-5, and 07-6.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Regional Office of Education #48's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 07-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Peoria County Regional Office of Education #48's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 07-2, 07-5, and 07-6. We also noted a certain immaterial instance of noncompliance or other matters which we reported on the accompanying Schedule of Findings and Questioned Costs as item 07-4.

Peoria County Regional Office of Education #48's response to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Peoria County Regional Office of Education #48's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the organization, Illinois State Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Carbondale, Illinois
August 11, 2008

Kerber, Eck + Braeckel LLP

Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133

Honorable William G. Holland
Auditor General
State of Illinois

Compliance

We have audited the compliance of the Peoria County Regional Office of Education #48 with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. The Peoria County Regional Office of Education #48's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Peoria County Regional Office of Education #48's management. Our responsibility is to express an opinion on the Peoria County Regional Office of Education #48's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Peoria County Regional Office of Education #48's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Peoria County Regional Office of Education #48's compliance with those requirements.

In our opinion, the Peoria County Regional Office of Education #48 complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 07-2, 07-5, and 07-6.

Internal Control Over Compliance

The management of the Peoria County Regional Office of Education #48 is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Peoria County Regional Office of Education #48's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Peoria County Regional Office of Education #48's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 07-2, 07-5, and 07-6 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The Peoria County Regional Office of Education #48's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the Regional Office of Education #48's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, agency management, others within the organization, Illinois State Board of Education, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kenner, Eck + Braeckel LLP

Carbondale, Illinois
August 11, 2008

INSERT FINDINGS AND RECOMMENDATIONS TAB HERE

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section I – Summary of the Auditor’s Results

Financial Statements

- (1) An unqualified opinion was issued on the financial statements.

Internal Control Over Financial Reporting:

- (2) Five significant deficiencies disclosed during the audit of the financial statements are reported in the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards*. One of the identified significant deficiencies is considered to be a material weakness.
- (3) The noncompliance disclosed during the audit is not material to the financial statements.

Federal Awards:

- (4) Three significant deficiencies in internal control over major federal award programs were disclosed during the audit and reported in the *Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133*. None of the significant deficiencies identified is considered to be a material weakness.
- (5) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (6) Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 were reported in this Schedule.
- (7) The major program was as follows:
- CFDA Number 84.010A – Title I – School Improvement and Accountability
 - CFDA Number 84.323A – IDEA Improvement Grants – Part D
- (8) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (9) Peoria County Regional Office of Education #48 was not determined to be a low-risk auditee.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007

Section II – Financial Statement Findings

Finding No. 07-1

Controls Over Financial Statement Preparation

Criteria/Specific Requirement:

The Regional Office of Education No. 48 is required to maintain a system of controls over the preparation of financial statements in accordance with generally accepted accounting principles (GAAP). Regional Office internal controls over GAAP financial reporting should include adequately trained personnel with the knowledge and expertise to prepare and/or thoroughly review GAAP based financial statements to ensure that they are free of material misstatements and include all disclosures as required by the Governmental Accounting Standards Board (GASB).

Condition:

The Regional Office of Education No. 48 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of some accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

1. Numerous audit journal entries were required in order to present the financial statements in accordance with generally accepted accounting principles. For example, adjusting journal entries were required for the following:
 - Individual funds within the general ledger were not in balance; assets did not equal the sum of liabilities and fund balance.
 - Pooled cash was reconciled to the bank account, but the ending cash balances in the individual funds were not correct and did not agree to the reconciliation. Some funds held large negative balances that were not correct.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007

Section II – Financial Statement Findings - Continued

Finding No. 07-1

Controls Over Financial Statement Preparation – Continued

- There were several instances of revenues being posted to the incorrect general ledger account. There were an unusually large number of general journal entries which moved expenses to other funds. Many of these general journal entries were not substantiated. It is our understanding that many of these entries were made to correct previous mispostings of disbursements.
 - There were several instances of expenses being posted to one fund and the cash being credited to the local fund, resulting in the funds being out of balance and cash balances within the individual funds not being correct. An audit reclassification was needed to correct the funds.
 - Not all of the prior year audit adjusting journal entries were posted correctly.
 - There were numerous transfers recorded between individual funds in an attempt to correct mispostings from prior years. The use of these transfer accounts was incorrect and required numerous audit journal entries to eliminate.
2. There are problems with the Regional Office's new accounting software.
- The ROE was unable to provide us with a trial balance of their accounts by fund.
 - All fund activity is closed to one default fund balance account and personnel must make a manual general journal entry to redistribute the correct amounts to the individual funds. We believe that this is because the software was not set up correctly. For instance, all education funds close to one default fund balance account.
 - Personnel are not able to review one fund at a time.
3. The depositing of Federal and State grant receipts is unnecessarily complex resulting in multiple bank transfers into and out of approximately five different bank accounts.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section II – Financial Statement Findings - Continued

Finding No. 07-1

Controls Over Financial Statement Preparation – Continued

4. Final grant expenditure reports did not agree with the general ledger expenditures due to general journal entries and the allocation of indirect costs.
5. All of the inactive funds were closed out in fiscal year 2007 and the remaining cash was transferred to the local workshop fund, which is a proprietary fund. Because of the age of the inactive accounts, changes in accounting software, and numerous bookkeeping errors in prior years, management believed the only option was to close out the inactive funds to the local workshop fund.
6. There is a lack of segregation of duties related to the cash receipt function. The same individual prepares the deposit ticket, posts cash receipts to the general ledger, signs disbursement checks, initiates the bank transfers, and reconciles all the bank accounts.

Effect:

Management or employees in the normal course of performing their assigned functions may not prevent or detect financial misstatements and disclosure omissions in a timely manner.

Cause:

According to Regional Office officials, they did not have adequate funding to hire and/or train their accounting personnel in order to comply with these requirements.

Auditor's Recommendation:

The Peoria County Regional Office of Education #48 (ROE #48) should hire an individual with an appropriate level of accounting expertise and experience working with governmental and fund accounting to oversee the accounting and internal control system of the Regional Office.

ROE #48 should obtain additional training for their personnel in the use of the accounting software. Also, the software vendor should be contacted to discuss the problems found with the software and potential solutions.

ROE #48 should review the process of grant cash receipts and determine where efficiencies can be obtained and the process simplified in order to reduce the number of transfers and the number of bank accounts involved in the processing of receipts.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section II – Financial Statement Findings - Continued

Finding No. 07-1

Controls Over Financial Statement Preparation – Continued

ROE #48 should reconcile the grant expenditure reports to the general ledger on a quarterly basis.

ROE #48 personnel should closely monitor funds which have no activity. Written documentation should be obtained from the granting agency regarding disposition of any outstanding grant money.

ROE #48 should review their job descriptions, in particular the cash receipt function, to determine where duties can be segregated and controls strengthened.

Management's Response:

As recommended by the field auditor, the Peoria Regional Office of Education #48 (ROE #48) will consider hiring an individual with an appropriate level of accounting expertise and experience working with governmental and fund accounting to oversee the accounting and internal control system of the Regional Office. We will also obtain additional training for our personnel in the use of the accounting software, and we will confer with the software vendor regarding the problems found with the software and potential solutions. We have reviewed the process of grant cash receipts and determined where efficiencies can be obtained and the process simplified in order to reduce the number of transfers and the number of bank accounts involved in the processing of receipts. We are now reconciling the grant expenditure reports to the general ledger on a monthly basis. We are closely monitoring funds which have no activity and obtaining written documentation from granting agencies regarding disposition of any outstanding grant money. We have reviewed job descriptions, in particular the cash receipt function, to determine where duties can be segregated and controls strengthened.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section II – Financial Statement Findings - Continued

Finding No. 07-2

Repeated from 06-4

Expenditure Reports Not Submitted Timely

Federal Program Name: Learn and Serve America
Project No.: 2007-4910-00
CFDA No.: 94.004
Pass Through Agency: Illinois State Board of Education
Federal Agency: Corporation for National and Community Services

Criteria/Specific Requirement:

The financial and reporting requirements section of grant agreements states that final expenditure reports are due (electronically through the Illinois State Board of Education Web Application Security (IWAS)) by the end of the month following the project end date.

Condition:

The Peoria County Regional Office of Education #48 (ROE) did not timely submit the required final expenditure reports for two of its grant programs passed through the Illinois State Board of Education (ISBE). During our testing of these grants, we noted the following final expenditure reports were filed late as of October 10, 2007:

- Learn and Serve America (Project No. 2007-4910-00), due July 31, 2007, submitted October 4, 2007 – 65 days late.
- Regional Safe Schools (Project No. 2007-3696-00), due July 31, 2007, submitted October 4, 2007 – 65 days late.

Questioned Costs:

None.

Context:

The total expenditures for this program for Project Year 2007 were as follows:

<u>Project No.</u>	<u>Amount</u>
2007-4910-00	\$ 7,000

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section II – Financial Statement Findings - Continued

Finding No. 07-2
Repeated from 06-4

Expenditure Reports Not Submitted Timely - Continued

Effect:

Failure to submit the required final expenditure reports is noncompliance with the terms of the grant agreement. Failure to comply with the terms of grant agreements could jeopardize future funding to the ROE.

Cause:

All expenditures for this grant were reported in a prior quarter and management was unaware that a final expenditure report with no expenditures for the quarter was required to be filed.

Auditor's Recommendation:

The Peoria County Regional Office of Education #48 should comply with all the reporting requirements of its grant agreements and ensure timely submission of all reports. We also recommend that a calendar of reporting deadlines be compiled and monitored by a person independent of the reporting function in order to ensure compliance.

Management's Response:

The Peoria County Regional Office of Education #48 will comply with all the reporting requirements of its grant agreements and ensure timely submission of all reports. A calendar of reporting deadlines will be compiled and monitored by a person independent of the reporting function to ensure compliance.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007

Section II – Financial Statement Findings - Continued

Finding No. 07-3

Repeated from 06-2

Inadequate Controls Over Property and Equipment

Criteria/Specific Requirement:

The Regional Office of Education (ROE) Accounting Manual requires each ROE to maintain detailed fixed asset records for both accounting purposes as well as insurance purposes, for fixed assets costing \$500 or more and have a useful life of greater than one year. Generally Accepted Accounting Principles require that an inventory of all fixed assets and depreciation schedules for assets meeting the capitalization threshold for reporting be maintained.

The ROE Accounting Manual also states that the fixed asset inventory records should include the inventory control number, major asset class, function and activity, reference to acquisition source document, acquisition date, vendor, short description of asset, unit charged with custody, location, fund and account from which purchased, method of acquisition, estimated useful life, method of depreciation, estimated salvage value, and date, method, and authorization of disposition.

Condition:

The Peoria County Regional Office of Education #48 (ROE) did not have adequate controls over fixed assets.

In our test of fixed assets at Two Rivers Professional Development Center, we noted fixed asset inventory items that were not included as capital outlay expenditure items or on the fixed asset listing. In our tests of fixed assets, we noted approximately \$83,000 of assets from prior years were added to the fixed asset detail in 2007, resulting in a prior period adjustment for depreciation of approximately \$49,000. We also noted that a \$40,000 phone system was omitted from the list, as well as \$6,000 worth of office furniture. Upon investigation, it was determined that the items were left off by mistake. The fixed asset listing included depreciation, however, our testing revealed errors in the calculation of depreciation. It was determined that some of the calculations were not updated from the prior year.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section II – Financial Statement Findings – Continued

Finding No. 07-3

Repeated from 06-2

Inadequate Controls Over Property and Equipment - Continued

Effect:

The absence of a sound system of internal controls over fixed assets can result in inaccurate reporting of fixed assets and inadequate physical control for equipment items.

An incomplete fixed asset listing does not provide an adequate basis for physical control and losses may occur without being detected. Improper recording of depreciation expense can cause the financial statements to be misstated.

Cause:

ROE personnel at Two Rivers Professional Development Center stated that they were not aware that furniture should be included as capital outlay or on the fixed asset detail listing. ROE personnel at Two Rivers Professional Development Center and Learning Technology Center failed to include the phone system on the fixed asset detail listing by mistake.

Auditor's Recommendation:

The Peoria County Regional Office of Education #48 should adhere to its fixed asset policy and procedures manual to effectively and efficiently monitor property acquisitions, transfers and disposals, and provide for accurate reporting of fixed asset balances.

Reconciliation should be performed between the fixed asset listing and the recorded capital outlay expenditures for each year. A simple straight line depreciation computation needs to be made for each asset in order to record depreciation expense for each year.

Management's Response:

The Peoria County Regional Office of Education #48 currently has a fixed asset listing that includes all the details required by the ROE Accounting Manual. This listing will be updated and checked for accuracy and existence through an annual physical inventory. A reconciliation will be performed between the fixed asset listing and the recorded capital outlay expenditures for each year. In addition, the ROE will implement procedures to track the location of property items maintained at other locations and items that are temporarily used off of ROE property. ROE personnel will attempt to compute depreciation using the straight line method for each asset in order to record depreciation expense for each year.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section II – Financial Statement Findings - Continued

Finding No. 07-4

Repeated from 06-1

Control Over Compliance with Laws and Regulations

Criteria/Specific Requirements:

The Illinois School Code 105 ILCS 5/3-5 states that the county superintendent shall present under oath or affirmation to the county board at its meeting in September and as nearly quarterly thereafter as it may have regular or special meetings, a report of all his acts as county superintendent, including a list of all the schools visited with the dates of visitation.

Conditions:

The Regional Superintendent did not present at the September county board meeting and as nearly quarterly thereafter, a report of all of his acts including a list of all the schools visited and the dates of visitation. The ROE provides the county board with its State of the Region Statistical Report on an annual basis. The report is not updated quarterly and does not contain all information required in the statute.

Effect:

The ROE did not comply with statutory requirements.

Causes:

The Regional Superintendent does present an annual report to the board, but the Superintendent was unclear about the specific requirements of 105 ILCS 5/3-5.

Auditor's Recommendation:

The Regional Superintendent should attend the county board meeting in September and quarterly thereafter and present a report of all his acts including a list of all the schools visited and dates of visitation as required by 105 ILCS 5/3-5.

Management's Responses:

The staff of the Peoria Regional Office of Education #48 will research the specific requirements of 105 ILCS 5/3-5 and compile a report for the Superintendent to submit at least quarterly with the statistical report that he already provides to the county board.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007

Section II – Financial Statement Findings – Continued

Finding No. 07-5
Repeated from 06-3 and 05-7

Lack of Cost Allocation Plan

Federal Program Name:	Title I – Reading First Part B SEA Funds
Project No.:	2007-4337-00
CFDA No.:	84.357A
Pass Through Agency:	Illinois State Board of Education
Federal Agency:	U.S. Department of Education
Federal Program Name:	Title I – Reading First Part B SEA Funds
Project No.:	2007-4337-04
CFDA No.:	84.357A
Pass Through Agency:	Illinois State Board of Education
Federal Agency:	U.S. Department of Education
Federal Program Name:	Technology – Enhancing Education - Competitive
Project No.:	2005-4972-00
CFDA No.:	84.318X
Pass Through Agency:	Illinois State Board of Education
Federal Agency:	U.S. Department of Education
Federal Program Name:	Title I – School Improvement and Accountability
Project No.:	2007-4331-SS
CFDA No.:	84.010A
Pass Through Agency:	Illinois State Board of Education
Federal Agency:	U.S. Department of Education
Federal Program Name:	Title II – Teacher Quality Leadership Grant
Project No.:	2007-4935-SS
CFDA No.:	84.367A
Pass Through Agency:	Illinois State Board of Education
Federal Agency:	U.S. Department of Education
Federal Program Name:	Learn and Serve America
Project No.:	2007-4910-00
CFDA No.:	94.004
Pass Through Agency:	Illinois State Board of Education
Federal Agency:	Corporation for National and Community Services

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section II – Financial Statement Findings – Continued

Finding No. 07-5

Repeated from 06-3 and 05-7

Lack of Cost Allocation Plan – Continued

Federal Program Name: Mathematics & Science Partnerships
Project No.: 2007-4936-00
CFDA No.: 84.366B
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: IDEA – Improvement Grants – Part D
Project No.: 2007-4631-RC
CFDA No.: 84.323A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Standards Aligned Classroom – Statewide
Professional Development
Project No.: 2006-4999-00
CFDA No.: 84.010A
Pass Through Agency: Regional Office of Education #11
Federal Agency: U.S. Department of Education

Federal Program Name: Standards Aligned Classroom
Project No.: 2007-4331-00
CFDA No.: 84.010A
Pass Through Agency: Regional Office of Education #11
Federal Agency: U.S. Department of Education

Federal Program Name: McKinney Education for Homeless Children and Youth
Project No.: 2006-4920-00
CFDA No.: 84.196A
Pass Through Agency: Regional Office of Education #26
Federal Agency: U.S. Department of Education

Federal Program Name: Standards Aligned Classroom
Project No.: 2007-4331-00
CFDA No.: 84.010A
Pass Through Agency: Regional Office of Education #9
Federal Agency: U.S. Department of Education

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section II – Financial Statement Findings – Continued

Finding No. 07-5

Repeated from 06-3 and 05-7

Lack of Cost Allocation Plan – Continued

Federal Program Name:	Adult Education State Grant Program
Project No.:	514AB
CFDA No.:	84.002A
Pass Through Agency:	Illinois Community College Board
Federal Agency:	U.S. Department of Education

Criteria/Specific Requirement:

Grants, cost reimbursement contracts and other agreements with the Federal Government (collectively known as Federal Awards) should bear their fair share of costs recognized under the principles established by the Federal Office of Management and Budget (OMB). Costs are allocable to Federal Awards, if the goods or services involved are chargeable or assignable to the award in accordance with the relative benefits received. Where an accumulation of indirect costs will ultimately result in charges to a Federal Award, a cost allocation plan is required as described in Attachments C, D and E of the OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*.

Condition:

The Peoria County Regional Office of Education #48 (ROE) does not maintain a complete cost allocation plan to allocate the indirect costs in accordance with OMB Circular A-87. During the fiscal year, the ROE created a cost allocation plan for employees who work on multiple activities or cost objectives to distribute salaries and benefits to the various grants and programs it administers. Spreadsheets were also created for administrative costs for activities that indirectly affect all grants and programs. Such costs are allowable expenditures under OMB Circular A-87. The ROE allocates such costs based on budgeted costs, rather than as part of a cost allocation plan.

Questioned Costs:

The amount of questioned costs cannot be determined without preparing a complete cost allocation plan.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section II – Financial Statement Findings – Continued

Finding No. 07-5

Repeated from 06-3 and 05-7

Lack of Cost Allocation Plan – Continued

Context:

During the prior fiscal year, the ROE staff created a spreadsheet to estimate the indirect costs to the various programs and grants it administers. While these costs were approved in the grant budgets, without documentation of the basis for, and rationale behind, the allocations, the amounts over or under charged to the programs cannot be readily determined. Based on the total amount of allocated costs charged to the programs, any amount deemed to be over charged to the award most likely would be considered immaterial or less than \$10,000.

Effect:

The ROE was not able to determine if the amount of central service activities charged to the Federal Awards and other ROE programs represent the program's "fair share" of costs recognized under principles required by OMB Circular A-87.

Cause:

The ROE determined the amount of costs to be allocated to the programs it administers based on the amounts allowable in the programs' budgets.

Auditor's Recommendation:

The Peoria County Regional Office of Education #48 should continue to develop and implement a cost allocation plan in writing and in accordance with OMB Circular A-87 which addresses allowable costs to all applicable programs.

Management's Response:

The Peoria County Regional Office of Education #48 will continue to develop and implement a cost allocation plan which addresses allowable costs to all applicable programs. The Regional Office will consult with the Illinois State Board of Education while developing and implementing this plan to be sure that it meets applicable standards.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007

Section II – Financial Statement Findings – Continued Finding No. 07-6

Failure to Allocate Interest Earned

Federal Program Name: Title I – Reading First Part B SEA Funds
Project No.: 2007-4337-00
CFDA No.: 84.357A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Title I – Reading First Part B SEA Funds
Project No.: 2007-4337-04
CFDA No.: 84.357A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Technology – Enhancing Education - Competitive
Project No.: 2005-4972-00
CFDA No.: 84.318X
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Title I – School Improvement and Accountability
Project No.: 2007-4331-SS
CFDA No.: 84.010A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Title II – Teacher Quality Leadership Grant
Project No.: 2007-4935-SS
CFDA No.: 84.367A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Learn and Serve America
Project No.: 2007-4910-00
CFDA No.: 94.004
Pass Through Agency: Illinois State Board of Education
Federal Agency: Corporation for National and Community Services

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section II – Financial Statement Findings – Continued

Finding No. 07-6

Failure to Allocate Interest Earned – Continued

Federal Program Name: Mathematics & Science Partnerships
Project No.: 2007-4936-00
CFDA No.: 84.366B
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: IDEA – Improvement Grants – Part D
Project No.: 2007-4631-RC
CFDA No.: 84.323A
Pass Through Agency: Illinois State Board of Education
Federal Agency: U.S. Department of Education

Federal Program Name: Standards Aligned Classroom – Statewide
Professional Development
Project No.: 2006-4999-00
CFDA No.: 84.010A
Pass Through Agency: Regional Office of Education #11
Federal Agency: U.S. Department of Education

Federal Program Name: Standards Aligned Classroom
Project No.: 2007-4331-00
CFDA No.: 84.010A
Pass Through Agency: Regional Office of Education #11
Federal Agency: U.S. Department of Education

Federal Program Name: McKinney Education for Homeless Children and Youth
Project No.: 2006-4920-00
CFDA No.: 84.196A
Pass Through Agency: Regional Office of Education #26
Federal Agency: U.S. Department of Education

Federal Program Name: Standards Aligned Classroom
Project No.: 2007-4331-00
CFDA No.: 84.010A
Pass Through Agency: Regional Office of Education #9
Federal Agency: U.S. Department of Education

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section II – Financial Statement Findings – Continued

Finding No. 07-6

Failure to Allocate Interest Earned – Continued

Federal Program Name: Adult Education State Grant Program
Project No.: 514AB
CFDA No.: 84.002A
Pass Through Agency: Illinois Community College Board
Federal Agency: U.S. Department of Education

Criteria/Specific Requirement:

The Regional Office of Education (ROE) Accounting Manual states that if dollars from two or more source of funds (SOF) are combined in one bank account and/or fund, the ROE must allocate, on a reasonable basis, a portion of the interest earned on that bank account or fund to each of those SOF. The allocation should be done no less than monthly when bank statements are received. Once the interest is allocated to the appropriate SOF, certain rules apply to the expenditure of that interest. The *ROE Accounting Manual* states that the rules for allocating and expending interest vary depending on the source of funds that generated the interest. Unless the grant agreement specifically addresses the interest issue and provides otherwise, the following rules would apply:

- The Grant Funds Recovery Act (30 ILCS 705/1 et seq.) states that interest earned on grant funds becomes part of the grant principal and is treated accordingly for all purposes unless the grant agreement and/or the grant regulations provides otherwise. The Act further states that any grant funds not expended (or legally obligated) by the end of the grant period must be returned to the grantor. This applies to State and federal grants.
- Generally, federal rules supersede those of the state (for federal grants only). If a federal rule allows different treatment of interest, then the federal rule would be followed.
- Federal cash management requirements state that grantees and subgrantees shall minimize the time elapsed between the receipt of funds and the expenditure of those funds. The accumulation of interest would indicate excess cash on hand.
- US Department of Education (USDE) regulations appear in 34 Code of Federal Regulations (CFR). Part 80 of 34 CFR is titled “Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments.” It is also known as the “Common Rule” because most federal agencies have adopted it in their regulations. The “Common Rule” states that annual interest earned in excess of \$100 on advances of funds must be submitted promptly to the granting agency. The \$100 may be spent on administrative costs.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007

Section II – Financial Statement Findings – Continued

Finding No. 07-6

Failure to Allocate Interest Earned – Continued

Those administrative costs must be for that grant and within the grant period. Some grants may be exempt from the “Common Rule”.

Interest earned on SOF that are not grants but are set up by statute (examples include may not be limited to Institute, GED, Bus Driver, Tech Hub) must be allocated to the SOF and expended for the same purpose. However, unlike grants, this interest does not have to be expended within any given period of time unless statute, regulations or contract state otherwise.

Condition:

The Regional Office of Education #48 did not allocate interest earned on grant monies to the appropriate grant fund.

Questioned Costs:

The amount of questioned costs cannot be determined without preparing a monthly interest allocation for the year.

Context:

The ROE received various grant funds from State and federal sources, as well as funds for services provided by their Institute, GED and Bus Driver Training funds.

Effect:

Interest earned on excess funds for a SOF that are not allocated to that particular SOF may result in unallowable expenditures and noncompliance with State and federal statutes and regulations.

Cause:

ROE #48 personnel stated that they were not aware of the “Common Rule” and the requirements outlined in *The Regional Office of Education Accounting Manual*.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2007

Section II – Financial Statement Findings – Continued Finding No. 07-6

Failure to Allocate Interest Earned – Continued

Auditor's Recommendation:

We recommend that the Regional Office of Education #48 develop a plan to allocate interest earned on commingled funds to each SOF using the appropriate State and federal statutes and regulations. A plan for allocation of interest is provided in *The Regional Office of Education Accounting Manual*.

Management's Response:

The Peoria County Regional Office of Education #48 will allocate interest earned on all grant funds using the method outlined in the *Regional Office of Education Accounting Manual*.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

Section III – Federal Award Findings

INSTANCES OF NONCOMPLIANCE:

1. Finding No. 07-2 – Expenditure reports not submitted timely (finding details on page 16)
2. Finding No. 07-5 – Lack of cost allocation plan (finding details on page 21)
3. Findng No. 07-6 – Failure to allocate interest earned (finding details on page 25)

MATERIAL WEAKNESSES:

None.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2007

Corrective Action Plan

Finding No. 07-1

Condition:

The Regional Office of Education No. 48 does not have sufficient internal controls over the financial reporting process. The Regional Office maintains their accounting records on the cash basis of accounting. While the Regional Office maintains controls over the processing of some accounting transactions, there are not sufficient controls over the preparation of the GAAP based financial statements for management or employees in the normal course of performing their assigned functions to prevent or detect financial statement misstatements and disclosure omissions in a timely manner. For example, auditors, in their review of the Regional Office's accounting records, noted the following:

1. Numerous audit journal entries were required in order to present the financial statements in accordance with generally accepted accounting principles. For example, adjusting journal entries were required for the following:

- Individual funds within the general ledger were not in balance; assets did not equal the sum of liabilities and fund balance.
- Pooled cash was reconciled to the bank account, but the ending cash balances in the individual funds were not correct and did not agree to the reconciliation. Some funds held large negative balances that were not correct.
- There were several instances of revenues being posted to the incorrect general ledger account. There were an unusually large number of general journal entries which moved expenses to other funds. Many of these general journal entries were not substantiated. It is our understanding that many of these entries were made to correct previous mispostings of disbursements.
- There were several instances of expenses being posted to one fund and the cash being credited to the local fund, resulting in the funds being out of balance and cash balances within the individual funds not being correct. An audit reclassification was needed to correct the funds.
- Not all of the prior year audit adjusting journal entries were posted correctly.
- There were numerous transfers recorded between individual funds in an attempt to correct mispostings from prior years. The use of these transfer accounts was incorrect and required numerous audit journal entries to eliminate.

2. There are problems with the Regional Office's new accounting software.

- The ROE was unable to provide us with a trial balance of their accounts by fund.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2007

Corrective Action Plan

Finding No. 07-1 – Continued

- All fund activity is closed to one default fund balance account and personnel must make a manual general journal entry to redistribute the correct amounts to the individual funds. We believe that this is because the software was not set up correctly. For instance, all education funds close to one default fund balance account.
- Personnel are not able to review one fund at a time.

3. The depositing of Federal and State grant receipts is unnecessarily complex resulting in multiple bank transfers into and out of approximately five different bank accounts.

4. Final grant expenditure reports did not agree with the general ledger expenditures due to general journal entries and the allocation of indirect costs.

5. All of the inactive funds were closed out in fiscal year 2007 and the remaining cash was transferred to the local workshop fund, which is a proprietary fund. Because of the age of the inactive accounts, changes in accounting software, and numerous bookkeeping errors in prior years, management believed the only option was to close out the inactive funds to the local workshop fund.

6. There is a lack of segregation of duties related to the cash receipt function. The same individual prepares the deposit ticket, posts cash receipts to the general ledger, signs disbursement checks, initiates the bank transfers, and reconciles all the bank accounts.

Plan:

As recommended by the field auditor, the Peoria Regional Office of Education #48 (ROE #48) will consider hiring an individual with an appropriate level of accounting expertise and experience working with governmental and fund accounting to oversee the accounting and internal control system of the Regional Office. We will also obtain additional training for our personnel in the use of the accounting software, and we will confer with the software vendor regarding the problems found with the software and potential solutions. We have reviewed the process of grant cash receipts and determined where efficiencies can be obtained and the process simplified in order to reduce the number of transfers and the number of bank accounts involved in the processing of receipts. We are now reconciling the grant expenditure reports to the general ledger on a monthly basis. We are closely monitoring funds which have no activity and obtaining written documentation from granting agencies regarding disposition of any outstanding grant money. We have reviewed job descriptions, in particular the cash receipt function, to determine where duties can be segregated and controls strengthened.

Completion Date: June 30, 2008

Contact Person: The Honorable Gerald Brookhart

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2007

Corrective Action Plan

Finding No. 07-2

Condition:

The Peoria County Regional Office of Education #48 (ROE) did not timely submit the required final expenditure reports for two of its grant programs passed through the Illinois State Board of Education (ISBE). During our testing of these grants, we noted the following final expenditure reports were filed late as of October 10, 2007:

- Learn and Serve America (Project No. 2007-4910-00), due July 31, 2007, submitted October 4, 2007 – 65 days late.
- Regional Safe Schools (Project No. 2007-3696-00), due July 31, 2007, submitted October 4, 2007 – 65 days late.

Plan:

The Peoria County Regional Office of Education #48 will comply with all the reporting requirements of its grant agreements and ensure timely submission of all reports. A calendar of reporting deadlines will be compiled and monitored by a person independent of the reporting function to ensure compliance.

Completion Date: June 30, 2008

Contact Person: The Honorable Gerald Brookhart

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2007

Corrective Action Plan

Finding No. 07-3

Condition:

The Peoria County Regional Office of Education #48 (ROE) did not have adequate controls over fixed assets.

In our test of fixed assets at Two Rivers Professional Development Center, we noted fixed asset inventory items that were not included as capital outlay expenditure items or on the fixed asset listing. In our tests of fixed assets, we noted approximately \$83,000 of assets from prior years were added to the fixed asset detail in 2007, resulting in a prior period adjustment for depreciation of approximately \$49,000. We also noted that a \$40,000 phone system was omitted from the list, as well as \$6,000 worth of office furniture. Upon investigation, it was determined that the items were left off by mistake. The fixed asset listing included depreciation, however, our testing revealed errors in the calculation of depreciation. It was determined that some of the calculations were not updated from the prior year.

Plan:

The Peoria County Regional Office of Education #48 currently has a fixed asset listing that includes all the details required by the ROE Accounting Manual. This listing will be updated and checked for accuracy and existence through an annual physical inventory. A reconciliation will be performed between the fixed asset listing and the recorded capital outlay expenditures for each year. In addition, the ROE will implement procedures to track the location of property items maintained at other locations and items that are temporarily used off of ROE property. ROE personnel will attempt to compute depreciation using the straight line method for each asset in order to record depreciation expense for each year.

Completion Date: June 30, 2008

Contact Person: The Honorable Gerald Brookhart

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2007

Corrective Action Plan

Finding No. 07-4

Condition:

The Regional Superintendent did not present at the September county board meeting and as nearly quarterly thereafter, a report of all of his acts including a list of all the schools visited and the dates of visitation. The ROE provides the county board with its State of the Region Statistical Report on an annual basis. The report is not updated quarterly and does not contain all information required in the statute.

Plan:

The staff of the Peoria Regional Office of Education #48 will research the specific requirements of 105 ILCS 5/3-5 and compile a report for the Superintendent to submit at least quarterly with the statistical report that he already provides to the county board.

Completion Date: June 30, 2008

Contact Person: The Honorable Gerald Brookhart

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2007

Corrective Action Plan

Finding No. 07-5

Condition:

The Peoria County Regional Office of Education #48 (ROE) does not maintain a complete cost allocation plan to allocate the indirect costs in accordance with OMB Circular A-87. During the fiscal year, the ROE created a cost allocation plan for employees who work on multiple activities or cost objectives to distribute salaries and benefits to the various grants and programs it administers. Spreadsheets were also created for administrative costs for activities that indirectly affect all grants and programs. Such costs are allowable expenditures under OMB Circular A-87. The ROE allocates such costs based on budgeted costs, rather than as part of a cost allocation plan.

Plan:

The Peoria County Regional Office of Education #48 will continue to develop and implement a cost allocation plan which addresses allowable costs to all applicable programs. The Regional Office will consult with the Illinois State Board of Education while developing and implementing this plan to be sure that it meets applicable standards.

Completion Date: June 30, 2008

Contact Person: The Honorable Gerald Brookhart

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

CORRECTIVE ACTION PLAN FOR
CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 2007

Corrective Action Plan

Finding No. 07-6

Condition:

The Regional Office of Education #48 did not allocate interest earned on grant monies to the appropriate grant fund.

Plan:

The Peoria County Regional Office of Education #48 will allocate interest earned on all grant funds using the method outlined in the *Regional Office of Education Accounting Manual*.

Completion Date: June 30, 2008

Contact Person: The Honorable Gerald Brookhart

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2007

<u>Finding Number</u>	<u>Prior Finding</u>	<u>Status</u>
06-1	A. Public Act 95-496 repealed the requirements of 105 ILCS 5/3.14.11.	Resolved
	B. The ROE did not present at the September county board meeting a report of all of his acts including a list of schools visited and dates of his visits.	Repeated as 07-4
	C. Public Act 95-496 repealed the requirements of 105 ILCS 5/3.14.5.	Resolved
06-2	The ROE did not have adequate controls over fixed assets.	Repeated as 07-3
06-3	The ROE does not maintain a cost allocation Plan to allocate indirect costs in accordance with OMB Circular A-87.	Repeated as 07-5
06-4	The ROE did not file grant expenditure reports on a timely basis.	Repeated as 07-2

INSERT FINANCIAL STATEMENTS TAB HERE

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2007

The Regional Office of Education #48 for the County of Peoria provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year 2007 that ended on June 30, 2007. Readers are encouraged to consider the information in conjunction with the Regional Office's financial statements that follow.

2007 Financial Highlights

- Within the Governmental Funds, the General Fund revenues increased by \$38,467 from \$1,299,869 in fiscal year 2006 to \$1,338,336 in fiscal year 2007. General Fund expenditures increased by \$67,424 from \$1,260,171 in fiscal year 2006 to \$1,327,595 in fiscal year 2007. The majority of the revenue and expenditure increases are due to growth in payments to and from both Peoria County and the state of Illinois on behalf of Regional Office employees.
- Within the Governmental Funds, the Special Revenue Fund revenue increased by \$923,645 from \$3,318,015 in fiscal year 2006 to \$4,241,660 in fiscal year 2007. The Special Revenue Fund expenditures increased by \$965,276 from \$3,319,513 in fiscal year 2006 to \$4,284,789 in fiscal year 2007. The majority of the revenue and expenditure increases are due to growth in State and federal grant funds and the subsequent increases in services provided in those specific areas by the Regional Office.

Using This Report

This report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Regional Office's financial activities.
- The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of the Regional Office of Education as a whole and present an overall view of the Office's finances.
- Fund financial statements report the Regional Office's operations in more detail than the government-wide statements by providing information about the most significant funds.
- Notes to the financial statements provide additional information that is needed for a full understanding of the data provided in the basic financial statements.
- Required supplementary information further explains and supports the financial statements and supplementary information provides detailed information for each category of funds and about the non-major funds.

Reporting the Office as a Whole

The Statement of Net Assets and the Statement of Activities

The government-wide statements report information about the Regional Office of Education #48 as a whole. The Statement of Net Assets includes all of the assets and liabilities. All of the current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid, using accounting methods similar to those used by private-sector companies.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2007

Reporting the Office as a Whole (continued)

The two government-wide statements report the Office's net assets and how they have changed. Net assets (the difference between the assets and liabilities) are one way to measure the Office's financial health or position.

- Over time, increases or decreases in the net assets can be an indicator of whether financial position is improving or deteriorating, respectively.
- To assess the Regional Office's overall health, additional non-financial factors, such as new laws, rules, regulations, and actions by officials at the state level need to be considered.

The government-wide financial statements present the Office's activities as both governmental and business-type activities. Local, state and federal aid finance most of these activities.

The fund financial statements provide detailed information about the Peoria County Regional Office's funds, focusing on its most significant or "major" funds. Funds are accounting devices that allow the tracking of specific sources of funding and spending on particular programs. Some funds are required by state law. The Regional Office of Education #48 established other funds to control and manage money for particular purposes.

The Office has three kinds of funds:

- 1) Government funds account for all of the Office's services. These focus on how cash and other financial assets that can be readily converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer resources that can be spent in the near future to finance the Office's programs. The Office's Governmental Funds include: the General Fund, Education Fund, Learning Technology Center, School Improvement Grant, and various other non-major funds.

The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balances.

- 2) Fiduciary funds are used to account for assets held by the Regional Office of Education #48 in a trust capacity or as an agent for individuals and private or governmental organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The fiduciary funds' required financial statements include a Statement of Fiduciary Net Assets.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2007

Reporting the Office as a Whole (continued)

- 3) Proprietary funds account for activities where the ROE charges customers for services. These funds are most similar to a business that operates for a profit. The ROE has one enterprise fund, the Local Workshops Fund.

The proprietary fund required financial statements include a Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Fund Net Assets, and a Statement of Cash Flows.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements.

Office-Wide Financial Analysis

As noted earlier, net assets may serve, when examined over time, as one indicator of the financial position of the Regional Office. The net assets at the end of fiscal year 2007 totaled \$1,333,397. At the end of fiscal year 2006, the net assets were \$1,299,705. The analysis that follows provides a summary of the Office's net assets as of June 30, 2007 and June 30, 2006, for the governmental and business-type activities.

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Current assets	\$ 2,725,951	\$ 2,141,275	\$ 541,840	\$ 556,990	\$ 3,267,791	\$ 2,698,265
Capital assets	292,547	192,583	-	-	292,547	192,583
Total assets	<u>3,018,498</u>	<u>2,333,858</u>	<u>541,840</u>	<u>556,990</u>	<u>3,560,338</u>	<u>2,890,848</u>
Current liabilities	2,225,680	1,577,400	1,261	13,743	2,226,941	1,591,143
Total liabilities	<u>2,225,680</u>	<u>1,577,400</u>	<u>1,261</u>	<u>13,743</u>	<u>2,226,941</u>	<u>1,591,143</u>
Net assets:						
Invested in capital assets,						
net of related debt	292,547	192,583	-	-	292,547	192,583
Unrestricted	463,083	523,465	540,579	543,247	1,003,662	1,066,712
Restricted for teacher						
professional development	37,188	40,410	-	-	37,188	40,410
Total net assets	<u>\$ 792,818</u>	<u>\$ 756,458</u>	<u>\$ 540,579</u>	<u>\$ 543,247</u>	<u>\$ 1,333,397</u>	<u>\$ 1,299,705</u>

The Peoria County Regional Office of Education's net assets increased by \$33,692 from FY 06. This relatively small increase occurred primarily as a result of the significant increase in both state and federal grant funds, as mentioned previously, and the efforts of the Regional Office to maintain positive balances throughout the fiscal year in each of these accounts.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2007

Office-Wide Financial Analysis (Continued)

CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenues:						
Program revenues						
Charges for services	\$ -	\$ -	\$ 123,344	\$ 445,779	\$ 123,344	\$ 445,779
Operating grants and contributions	3,730,393	3,387,176	-	-	3,730,393	3,387,176
General revenues						
Local sources	240,792	280,213	-	-	240,792	280,213
State sources	1,011,634	471,262	-	-	1,011,634	471,262
Investment earnings	28,873	18,318	81,425	-	110,298	18,318
On behalf payments	568,304	460,915	-	-	568,304	460,915
Loss on disposal of assets	-	(1,399)	-	-	-	(1,399)
Transfers	(31,216)	5,611	31,216	(5,611)	-	-
Total revenues	<u>\$ 5,548,780</u>	<u>\$ 4,622,096</u>	<u>\$ 235,985</u>	<u>\$ 440,168</u>	<u>\$ 5,784,765</u>	<u>\$ 5,062,264</u>
Expenses:						
Program expenses						
Salaries and benefits	\$ 1,406,718	\$ 1,188,202	\$ 89,842	\$ 83,253	\$ 1,496,560	\$ 1,271,455
Purchased services	1,066,825	799,737	78,657	137,918	1,145,482	937,655
Supplies and materials	428,314	193,157	16,746	-	445,060	193,157
Payments to other governments	1,992,500	599,711	1,108	-	1,993,608	599,711
Capital outlay	(36,290)	(11,376)	33,730	-	(2,560)	(11,376)
Depreciation expense	96,839	66,170	-	-	96,839	66,170
Other objects	39,152	1,276,736	18,570	-	57,722	1,276,736
Administrative expenses						
On-behalf payments - Local	261,672	215,747	-	-	261,672	215,747
On-behalf payments - State	306,632	245,168	-	-	306,632	245,168
Total expenses	<u>\$ 5,562,362</u>	<u>\$ 4,573,252</u>	<u>\$ 238,653</u>	<u>\$ 221,171</u>	<u>\$ 5,801,015</u>	<u>\$ 4,794,423</u>
Change in net assets	\$ (13,582)	\$ 48,844	\$ (2,668)	\$ 218,997	\$ (16,250)	\$ 267,841
Prior Period Adjustment	\$ 49,942	-			\$ 49,942	
Net assets beginning of year	756,458	707,614	543,247	324,250	1,299,705	1,031,864
Net assets end of year	<u>\$ 792,818</u>	<u>\$ 756,458</u>	<u>\$ 540,579</u>	<u>\$ 543,247</u>	<u>\$ 1,333,397</u>	<u>\$ 1,299,705</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2007

Governmental Activities

Revenues for governmental activities were \$5,548,780 and expenses were \$5,562,362 for the year ended June 30, 2007. Revenues for governmental activities were \$4,622,096 and expenses were \$4,573,252 for the year ended June 30, 2006. As discussed earlier, the revenue within the General Fund increased by \$38,467. These increases in revenues and expenditures are due primarily to increases in payments on behalf of employees to and from both Peoria County and the State of Illinois.

Financial analysis of the Peoria County Regional Office of Education #48 Funds

As previously noted, the Peoria County Regional Office of Education #48 uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency's Governmental Funds reported combined fund balances of \$500,271 at June 30, 2007 compared to fiscal year 2006's ending fund balance of \$563,875. The majority of this decrease is due to an increase in expenditures resulting from the large Pre School for All grant this year, both in teacher salaries and benefits, as well as payments to other governmental units.

Budgetary Highlights

The Peoria County Regional Office of Education #48 annually adopts budgets for several funds. The Institute Fund Budget, the Direct Services Budget and the Special Funds Budget are prepared by the Regional Superintendent and serve as a guideline for activities and expenditures. The Regional Superintendent annually prepares an Office Operations Budget and submits it to the Peoria County Board for their approval. The Office Operations Budget covers a fiscal year that runs from January 1 to December 30. All grant budgets are prepared by the Peoria County Regional Office of Education #48 and submitted to the granting agency for approval. Amendments must be submitted under guidelines established by the granting agency. Schedules showing the budget amounts compared to the Office's actual financial activity are included in the supplementary information of this report.

Capital Assets

Capital Assets of the Peoria County Regional Office of Education #48 include office equipment, computers, audio-visual equipment, and office furniture. The Peoria County Regional Office of Education #48 maintains an inventory of capital assets that have been accumulated over time. During the year ended June 30, 2007, Peoria County Regional Office of Education #48 purchased assets totaling \$146,861 resulting in an ending balance of \$657,352. In addition, the Peoria County Regional Office of Education #48 has adopted a depreciation schedule that reflects the level of Net Governmental Activities Capital Assets. More detailed information about capital assets is available in Note 5 of the financial statements.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2007

Economic Factors and Next Year's Budget

At the time these financial statements were prepared and audited, the Peoria County Regional Office of Education #48 was aware of several existing circumstances that could affect its financial health in the future:

- The interest rate on cash accounts has dropped significantly and will impact interest earned.
- The two large Coordination and Services grants for both Standards and Assessments and Title I. School Improvement will be reduced by a total of \$250,000.
- The Regional Office has been notified that the large Pre-school For All (PFA) competitive grant will be fully funded again for FY'08.

Contacting the Regional Office's Financial Management

This financial report is designed to provide the Regional Office's citizens, taxpayers, clients, and other constituents with a general overview of its finances and to demonstrate the accountability for the money it receives. If the reader has questions concerning this report or needs additional financial information, please contact The Regional Superintendent of the Peoria County Regional Office of Education #48 at 324 Main St., Room 401, Peoria, IL 61602.

BASIC FINANCIAL STATEMENTS

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF NET ASSETS
June 30, 2007

		Primary Government		
		Governmental	Business-Type	
		Activities	Activities	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	\$	1,920,097	\$ 514,833	\$ 2,434,930
Internal balances		(6,432)	6,432	-
Due from agency fund		-	-	-
Due from other governments		812,286	20,575	832,861
Total Current Assets		2,725,951	541,840	3,267,791
Noncurrent Assets:				
Capital assets, being depreciated, net		292,547	-	292,547
Total Noncurrent Assets		292,547	-	292,547
TOTAL ASSETS		3,018,498	541,840	3,560,338
LIABILITIES				
Current Liabilities:				
Accounts payable		35,717	1,261	36,978
Deferred revenue		2,189,963	-	2,189,963
TOTAL LIABILITIES		2,225,680	1,261	2,226,941
NET ASSETS				
Invested in capital assets, net of related debt		292,547	-	292,547
Unrestricted		463,083	540,579	1,003,662
Restricted for teacher professional development		37,188	-	37,188
TOTAL NET ASSETS	\$	792,818	\$ 540,579	\$ 1,333,397

The notes to the financial statements are an integral part of this statement.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2007

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expenses)/Revenues and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government		
				Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
Instructional Services:						
Salaries	\$ 1,213,732	\$ -	\$ 946,148	\$ (267,584)	\$ -	\$ (267,584)
Employee benefits	192,986	-	135,207	(57,779)	-	(57,779)
Purchased services	1,066,825	-	825,882	(240,943)	-	(240,943)
Supplies and materials	428,314	-	354,505	(73,809)	-	(73,809)
Payments to other governments	1,992,500	-	1,364,919	(627,581)	-	(627,581)
Capital outlay	(36,290)	-	65,971	102,261	-	102,261
Depreciation	96,839	-	-	(96,839)	-	(96,839)
Other	39,152	-	37,761	(1,391)	-	(1,391)
Administrative:						
On-behalf payments-Local	261,672	-	-	(261,672)	-	(261,672)
On-behalf payments-State	306,632	-	-	(306,632)	-	(306,632)
Total governmental activities	5,562,362	-	3,730,393	(1,831,969)	-	(1,831,969)
Business-type activities:						
Local workshops	238,653	123,344	-	-	(115,309)	(115,309)
Total business-type activities	238,653	123,344	-	-	(115,309)	(115,309)
Total primary government	\$ 5,801,015	\$ 123,344	\$ 3,730,393	\$ (1,831,969)	\$ (115,309)	\$ (1,947,278)
General revenues:						
Local sources				240,792	-	240,792
State sources				1,011,634	-	1,011,634
Investments earnings				28,873	81,425	110,298
On behalf payments				568,304	-	568,304
Transfers				(31,216)	31,216	-
Total general revenues and transfers				1,818,387	112,641	1,931,028
Change in net assets				(13,582)	(2,668)	(16,250)
Net assets - beginning				756,458	543,247	1,299,705
Prior period adjustment - See Note 5				49,942	-	49,942
Net assets - ending				\$ 792,818	\$ 540,579	\$ 1,333,397

The notes to the financial statements are an integral part of this statement.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2007

	General Fund	Education Fund	Learning Technology Center	Title I School Improvement and Accountability	Other Non-Major Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 143,948	\$ 943,741	\$ 167,174	\$ 380,266	\$ 284,968	\$ 1,920,097
Due from other funds	-	-	-	-	-	-
Due from other governmental units and agencies	305	558,893	1,946	251,142	-	812,286
TOTAL ASSETS	<u>\$ 144,253</u>	<u>\$ 1,502,634</u>	<u>\$ 169,120</u>	<u>\$ 631,408</u>	<u>\$ 284,968</u>	<u>\$ 2,732,383</u>
LIABILITIES						
Accounts payable	-	24,342	-	11,375	-	35,717
Due to other funds	-	6,432	-	-	-	6,432
Deferred revenue	-	1,513,494	-	620,033	56,436	2,189,963
Total Liabilities	<u>-</u>	<u>1,544,268</u>	<u>-</u>	<u>631,408</u>	<u>56,436</u>	<u>2,232,112</u>
FUND BALANCES						
Unreserved, reported in:						
General fund	144,253	-	-	-	-	144,253
Special revenue funds	-	(41,634)	169,120	-	228,532	356,018
Total fund balances	<u>144,253</u>	<u>(41,634)</u>	<u>169,120</u>	<u>-</u>	<u>228,532</u>	<u>500,271</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 144,253</u>	<u>\$ 1,502,634</u>	<u>\$ 169,120</u>	<u>\$ 631,408</u>	<u>\$ 284,968</u>	<u>\$ 2,732,383</u>

The notes to the financial statements are an integral part of this statement.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
June 30, 2007

Total Fund balances - governmental funds	\$ 500,271
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	<u>292,547</u>
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Net assets of governmental activities	<u><u>\$ 792,818</u></u>
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The notes to the financial statements are an integral part of this statement.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General Fund	Education Fund	Learning Technology Center	Title I School Improvement and Accountability	Other Non-Major Funds	Total Governmental Funds
Revenues						
Local sources	\$ 2,725	\$ 86,816	\$ 93,875	\$ -	\$ 135,564	\$ 318,980
State sources	752,284	902,703	255,310	-	4,040	1,914,337
Federal sources	-	1,357,737	434	1,391,331	-	2,749,502
Interest	22,826	-	6,047	-	-	28,873
On-behalf payments from Peoria County	261,672	-	-	-	-	261,672
On-behalf payments from State	298,829	-	7,803	-	-	306,632
Total revenues	1,338,336	2,347,256	363,469	1,391,331	139,604	5,579,996
Expenditures						
Salaries	81,922	853,197	164,515	112,298	1,800	1,213,732
Employee benefits	17,056	124,274	37,088	14,430	138	192,986
Purchased services	43,013	561,631	81,533	282,856	97,792	1,066,825
Supplies and materials	17,402	274,979	42,456	83,659	9,818	428,314
Capital outlay	8,000	63,942	35,609	3,020	-	110,571
Payments to other governments	588,071	494,529	9,040	886,750	14,110	1,992,500
On-behalf payments	261,672	-	-	-	-	261,672
On-behalf payments to TRS and State	298,829	-	7,803	-	-	306,632
Other	11,630	910	639	8,318	17,655	39,152
Total expenditures	1,327,595	2,373,462	378,683	1,391,331	141,313	5,612,384
Excess (deficiency) of revenues over expenditures	10,741	(26,206)	(15,214)	-	(1,709)	(32,388)
Other Financing Sources (Uses)						
Transfers in	-	11,551	-	-	-	11,551
Transfers out	(2,660)	(40,102)	-	-	(5)	(42,767)
Total other financing sources and uses	(2,660)	(28,551)	-	-	(5)	(31,216)
Net change in fund balances	8,081	(54,757)	(15,214)	-	(1,714)	(63,604)
Fund balances - beginning	136,172	13,123	184,334	-	230,246	563,875
Fund balances - ending	\$ 144,253	\$ (41,634)	\$ 169,120	\$ -	\$ 228,532	\$ 500,271

The notes to the financial statements are an integral part of this statement.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

Net change in fund balances	\$ (63,604)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures per the fund financials	\$ 110,571		
Capital outlay expenditures per the government wide statement	<u>36,290</u>		
Capital outlay expenditures that are capitalized		146,861	
Depreciation expense		<u>(96,839)</u>	<u>50,022</u>

Changes in net assets of governmental activities	<u>\$ (13,582)</u>
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The notes to the financial statements are an integral part of this statement.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF NET ASSETS
PROPRIETARY FUND
June 30, 2007

	Enterprise Fund
	<u>Local Workshops</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 514,833
Due from other funds	6,432
Due from other governmental units and agencies	<u>20,575</u>
Total current assets	541,840
 TOTAL ASSETS	 <u>541,840</u>
LIABILITIES	
Current liabilities:	
Accounts payable	1,261
Due to other funds	<u>-</u>
Total current liabilities	1,261
 TOTAL LIABILITIES	 <u>1,261</u>
NET ASSETS	
Unrestricted (deficit)	<u>540,579</u>
 TOTAL NET ASSETS	 <u><u>\$ 540,579</u></u>

The notes to the financial statements are an integral part of this statement.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
For the Year Ended June 30, 2007

	Enterprise Fund Local Workshops
OPERATING REVENUES:	
Charges for services	\$ 123,344
Total operating revenues	<u>123,344</u>
OPERATING EXPENSES:	
Salaries	69,452
Employee benefits	20,390
Purchased services	78,657
Supplies and materials	16,746
Capital outlay	33,730
Payments to other governments	1,108
Other	<u>18,570</u>
Total operating expenses	<u>238,653</u>
Operating income (loss)	<u>(115,309)</u>
NONOPERATING REVENUES (EXPENSES):	
Interest	<u>81,425</u>
Total nonoperating revenue (expenses)	<u>81,425</u>
Income (loss) before other financing sources (uses)	(33,884)
OTHER FINANCING SOURCES (USES):	
Transfers in	36,867
Transfers out	<u>(5,651)</u>
TOTAL OTHER FINANCING SOURCES AND (USES)	<u>31,216</u>
NET CHANGE IN NET ASSETS	(2,668)
TOTAL NET ASSETS - BEGINNING OF YEAR	<u>543,247</u>
TOTAL NET ASSETS - END OF YEAR	<u><u>\$ 540,579</u></u>

The notes to the financial statements are an integral part of this statement.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2007

	Enterprise Fund Local Workshops
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from other funds for goods and services provided	\$ 114,206
Payments to suppliers and providers of goods and services	(161,293)
Payments to employees	<u>(89,842)</u>
Net cash provided by (used for) operating activities	<u>(136,929)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Cash transfers from other funds	<u>50,289</u>
Net cash provided by noncapital financing activities	50,289
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts from interest bearing accounts	<u>81,425</u>
Net cash provided by investing activities	81,425
Net increase (decrease) in cash and cash equivalents	(5,215)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>520,048</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 514,833</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:	
Operating income (loss)	\$ (115,309)
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:	
Increase in due from other governmental units and agencies	(9,138)
Decrease in accounts payable	(12,482)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ (136,929)</u></u>

The notes to the financial statements are an integral part of this statement.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
June 30, 2007

	ASSETS	Agency Funds
ASSETS		
Cash and cash equivalents		\$ 17,212
Due from other governmental units and agencies		<u>312</u>
TOTAL ASSETS		<u><u>\$ 17,524</u></u>
	LIABILITIES	
LIABILITIES		
Due to other funds		\$ -
Due to other governmental units		17,524
Deferred revenue		<u>-</u>
TOTAL LIABILITIES		<u><u>\$ 17,524</u></u>

The notes to the financial statements are an integral part of this statement.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Peoria County Regional Office of Education #48 (ROE) conform to accounting principles generally accepted in the United States of America for governmental entities. The following is a summary of the significant accounting policies.

FINANCIAL REPORTING ENTITY

The Regional Superintendent is responsible for supervision and control of school districts within Peoria County. This includes all aspects of supervision, reports and financial accounting of districts which are considered by state law to be in the Service Region. In addition, the Regional Superintendent is charged with responsibility for township fund lands; registration of the names of applicants for scholarships to state controlled universities; examinations and related duties; visitation of public schools; direction of teachers and school officers; to serve as the official advisor and assistant of school officers and teachers, to conduct teachers institutes as well as to aid and encourage the formation of other teachers meetings and assist in their management; evaluate the schools in Peoria County, examine school treasurer's books, accounts, and vouchers; examine evidence of indebtedness; file and keep the returns of elections required to be returned to the Regional Superintendent's office; and file and keep the reports and statements returned by school treasurers and trustees.

The Regional Superintendent is also charged with the responsibilities of conducting a special census, when required, providing notice of money distributed to treasurers, board presidents, clerks, and secretaries of the school districts on or before each September 30; maintenance of a map and numbering of the Peoria County districts; providing township treasurers with a list of district treasurers; to inspect and approve building plans which comply with state law; to perform and report on annual building inspections; investigate bus drivers for valid bus driver permits and take related action as may be required to maintain a list of unfilled teaching positions and to carry out other related duties required or permitted by law.

The Regional Superintendent is responsible for inspection and approval or rejection of school treasurer's bonds. The Regional Superintendent is also required to provide the State Board of Education with an affidavit showing that the treasurers of school districts under his control are properly bonded.

The Regional Superintendent is also responsible for apportionment and payment of funds received from the state for the districts in Peoria County or see that no payments are made unless the treasurer has filed or renewed appropriate bond and that the district has certified publication of the annual financial report. The Regional Superintendent is required to provide opinions and advice related to controversies under school law.

For the period ended June 30, 2007, Peoria County Regional Office of Education #48 applied for, received, and administered numerous state and federal programs and grants in assistance and support of the educational activities of the school districts in Peoria County. Such activities are reported as a single special revenue fund (Education Fund).

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REPORTING ENTITY

The ROE's reporting entity includes all related organizations for which it exercises oversight responsibility.

The ROE has developed criteria to determine whether outside agencies with activities which benefit the citizens of the region, including joint agreements which serve pupils from numerous school districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the ROE exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

Certain joint agreements have been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and are therefore excluded from the accompanying financial statements because the ROE does not control the assets, operations, or management of the joint agreements. However, Two Rivers Professional Development Center and Area III Learning Technology Hub were determined to be part of the reporting entity and, as such, are reflected as part of these financial statements. In addition, the ROE is not aware of any entity which would exercise such oversight as to result in the ROE being considered a component of the entity.

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

The statements are separated by governmental and business-type activities. The only business-type activity for the ROE is the Local Workshop Fund, which accounts for fees that are charged for various workshops and conferences that provide staff development for educators in central and west central Illinois.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Fund Accounting

The accounts of the ROE are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts comprised of its assets, liabilities, fund balance, revenues, and expenditures. The ROE's resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other non-major governmental funds.

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the ROE are financed. The acquisition, use, and balances of the ROE's expendable financial resources and the related current liabilities are accounted for through Governmental Funds. The ROE's major Governmental Funds include the following:

General Fund – The General Fund is used to account for resources traditionally associated with government which are not required, legally or by sound financial management, to be accounted for in another fund. The General Fund is always considered a major fund. The following accounts are included in the General Fund:

Administrative Interest Fund – To account for interest earned on local, education for employment, and target fund accounts.

ROE/ISC Operations – To account for the administration of the Two Rivers Professional Development Center, which provides staff training and development and school improvement services. Revenue is provided by State of Illinois funds.

ROE Local Fund – To account for transition money received from the State of Illinois. Transition money are the monies paid by the State of Illinois to ROEs affected by the closing of the Educational Service Centers following the merger of various ROEs.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Education Fund – The Education Fund includes proceeds from specific revenue sources that are legally restricted to expenditures for specified purposes. The following accounts are included in the Education Fund:

Upward Generated – To account for local monies received to promote adult literacy.

Adult Education – To account for state and federal monies received for educational programs for incarcerated persons.

Secretary of State Literacy – To account for monies received for programs designed to help meet the needs of adults classified as functionally illiterate.

Arts in Education – To account for monies received for the Spring Celebration, an annual six-week program designed to offer students in grades K-12 the opportunity to perform, exhibit, and demonstrate their abilities in the Fine Arts and the Applied Arts.

Family Literacy – To account for monies received to provide community programs to promote the literacy of adults.

Jail Library – To account for local monies received to provide a librarian at the Peoria County Jail.

Secretary – To account for local monies received to provide an additional secretary for the Regional Office.

Lincoln Senior Award – To account for local monies received to provide Abraham Lincoln Awards to sixteen high school students.

Communities for Youth Truants Alternative – To account for monies received for programs leading to a high school diploma for students with truancy problems.

Truants Alternative/Safe Kids – To account for state monies received to address the truancy issue at three Peoria County Schools.

Truants Alternative Homeless – To account for monies received to provide information to schools, community members and government entities about the educational rights of homeless students.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Truants Alternative Weed and Seed – To account for monies received from the City of Peoria to address the truancy issue at one Peoria high school.

ROE Reorganization Incentive – To account for monies received for expenditures associated with feasibility studies on transportation, facilities, curriculum, finance, enrollment, staffing, demographics, extra-curriculum activities, and recommendations on reorganization.

Peoria City/Schools Education Liaison – To account for monies received to support and enhance the education of the citizenry of Peoria.

Learn and Serve America – To account for monies received to encourage and support the use of service learning as a teaching methodology in the elementary and secondary schools of Illinois.

Career Awareness and Development – To account for monies received to provide career development training opportunities for elementary and middle school educators to integrate information on careers and career planning into the existing curriculum.

Scientific Literacy Entitlement – To account for monies to provide training to teachers to integrate higher order thinking skills and engaged learning into the classroom.

Standards Aligned Classroom – Statewide Professional Development – To account for monies received from ROE 11 for expenditures for state standards aligned classroom initiatives and salaries.

Life Skills – To account for monies received to provide teachers with a curriculum for their students to prevent alcohol, tobacco and drug use among middle school students.

Cooke School – To account for monies received to provide professional development for the school district.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Reading Excellence Grant – To account for monies received to provide assistance in reading education to raise student achievement.

Zero Math – To account for monies to provide training to area educators for math curriculums.

Learning Behavioral Specialist – To account for monies received to provide a program designed to prepare special education teachers with limited certificates or approval to teach all students encompassed by the Learning Behavioral Specialist I.

Coordination Services Grant – To account for monies received from the state to support school improvement services for schools in academic difficulty.

Reading First – To account for monies received from the state (federal dollars) for expenditures incurred providing reading assistance to Reading First districts and buildings.

Reading First Technical Assistance – To account for monies received from the state (federal dollars) for expenditures incurred providing reading assistance to reading coaches in Area III Reading First districts/buildings.

Title II Teacher Quality – To account for monies received from the state (federal dollars) to support school improvement services for schools in academic difficulty.

Mathematics and Science Partnership – To account for monies received from the state (federal dollars) for expenditures incurred providing math/science grant workshops and services.

Paraprofessional – To account for monies received from the state for expenditures incurred in assisting teachers aides in becoming accredited.

Special Education Regional Professional Development Center – To account for monies received from the state (federal dollars) for expenditures incurred to combine professional development in response to intervention, standards aligned classroom, and reading literacy to improve intervention with children.

Illinois Department of Public Health – To account for monies received from the state for expenditures incurred in providing teachers information about asthma.

Reading Improvement Block – To account for monies received from the state for expenditures incurred in instructing building administrators in literacy concepts.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Socially Emotional Learning – To account for monies received to identify and implement teams that will develop a framework for the integration of SEL Standards and other mental health initiatives.

Preschool for All Children – To account for monies from the state for expenditures incurred to make voluntary preschool available to all 3 and 4 year olds in an effort to help those children prepare for kindergarten and their school career.

Preschool for All Liaison - To account for monies received to provide accountability for Preschool for All programs to achieve the program standards during the implementation process and maintain those standards as they mature.

Learning Technology Center – To account for monies received from the State of Illinois for expenditures incurred in providing a technology support system for ROEs in 20 surrounding counties. The following accounts are included in the Learning Technology Center:

General Operations – To account for monies received to provide a technology support system for area school districts.

Technical Training/Support – To account for monies received to provide training and professional development to area educators.

Education Technology Competitive Grant – To account for federal monies received to provide staff development and resources to area educators.

Title I School Improvement and Accountability – To account for monies received from the state (federal dollars) to support school improvement services for Title I schools in academic difficulty.

The ROE also reports the following non-major governmental funds:

Non-Major Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The ROE's non-major special revenue funds include the following:

Food Co-op – To account for the ROE's administration of food programs for the schools participating in the co-op.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION -- GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Clean Water Celebration -- To account for contributions received and related to expenditures for the clean water awareness program.

Supervisory Expense -- To account for monies from the State of Illinois for expenditures incurred providing supervisory services in the County.

Arts Opportunities -- To account for contributions received and related to expenditures for the arts opportunities program.

General Educational Development -- To account for the ROE's administration of the GED Testing Program. Revenues are received from testing and diploma fees.

Teachers' Institute -- To account for the ROE's stewardship of the assets held in trust for the benefit of the ROE's teachers. Fees are collected from registration of teachers' certificates of qualification. Monies are expended to conduct teachers' institutes, conferences, and workshops. All funds generated remain restricted until expended only on the aforementioned activities.

Bus Driver -- To account for the ROE's stewardship of the assets held in trust in connection with the Bus Driver Training Program.

Directory -- To account for the collection and distribution of funds used for advertising space in the school directory.

Hospital Tutoring -- (State laws require that hospitalized students receive tutoring.) To handle the related transactions, including the receipt of bills from the hospitals, billing the appropriate schools, receiving payment from the schools, and remitting payments to the hospitals.

Office of Prevention -- To account for monies used to create a "library" of substance abuse and violence prevention materials, which directs a 40 percent portion of Title IV grants from 15 Peoria County school districts to Peoria County Sheriff for use in the D.A.R.E. program.

Local Math and Science Cooperative -- To account for monies spent to enhance math and science instruction within participating schools.

Pleasant Valley -- To account for monies received from Pleasant Valley School for expenditures incurred providing professional development support and assistance.

School Improvement Plan -- To account for monies received from the State of Illinois to train and implement the school improvement system within local districts.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF PRESENTATION – GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

Proprietary Fund Types

Enterprise Fund – The ROE's enterprise fund is the Local Workshops Fund. This fund is used to account for the various fees charged for local workshops that provide professional development to area educators.

Fiduciary Fund Types

Agency Funds are used to account for assets held by the ROE in a trustee capacity or as an agent for individuals and private or governmental organizations. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The ROE has the following Agency Funds:

Distributive Fund – To account for the pass-through of state aid and federal monies from the ROE to the various school districts within the ROE. At any given point in time, total fund assets are equally offset by related liabilities, including amounts due to the parties for whom the assets are being held. Agency funds have no fund equity and do not involve measurement of revenues, expenditures, or expenses.

Regional Board of School Trustees Fund – To account for the proceeds and related costs from the sale of school properties within the ROE.

Central Illinois Science Educators (C.I.S.E.) – To account for the receipts and disbursements of the C.I.S.E. This account is maintained for the convenience of the C.I.S.E.

Criminal Background Checks – To account for the pass-through of monies from various school districts to agencies to conduct criminal background checks on substitute teachers.

Answers (Autism Needs Support Wherever it Strikes, Inc.) – To account for the receipts and disbursements of Answers. This fund is maintained for the convenience of Answers.

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting records and reports made by ROE officials are maintained on the cash basis of accounting. Under this method, revenue is recorded when collected and expenditures are recorded when disbursements are made. The government-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus. They are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the ROE considers revenues to be available if they are collected within one year of the end of the current fiscal period.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the ROE; therefore, revenues are recognized based upon the expenditures recorded. In the other, monies are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Expenditures are recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The financial statements of all governmental funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position, rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund equity (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

The proprietary fund of the ROE applies all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Agency's enterprise fund is charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, gains, losses, and other changes in fund balance during the reporting period. Actual results could differ from those estimates.

BUDGETS

The ROE does not adopt a formal budget for all revenues and expenditures of the governmental funds and is not legally required to do so. The Regional Office of Education Funds are controlled by the Regional Superintendent of Education and the State of Illinois. Certain programs administered by the ROE are subject to budget approval by the State of Illinois. The actual to budget comparisons are prepared on the modified accrual basis of accounting. The following accounts/funds prepare budgets:

General Fund: ROE/ISC Operations

Educational Grants:

State Adult Education (Basic)
State Adult Education (Performance)
Federal Adult Education (Basic)
Secretary of State Literacy
Communities for Youth Truants Alternative
Truants Alternative/Homeless
Peoria City/Schools Education Liaison
Learn and Serve America
Standards Aligned Classroom - Statewide
Professional Development

Coordination Services Grant
Reading First
Reading First Technical Assistance
Title II Teacher Quality
Mathematics and Science Partnership
Socially Emotional Learning
Preschool for All Children
Special Education Regional Professional
Development Center
Reading Improvement Block

Learning Technology Center:

General Operations

Special Revenue Funds: Title I School Improvement
and Accountability Grant

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets. Purchases of equipment are recorded as capital outlay expenditures of the various funds. All capital assets are capitalized at cost or estimated historical cost and updated for additions and retirements during the year. Depreciation is recorded.

DUE FROM OTHER GOVERNMENTAL UNITS AND AGENCIES

Due from other governmental units and agencies is reported at gross with no allowance for uncollectibles since management feels the amount of any uncollectible accounts is immaterial.

ACCUMULATED UNPAID VACATION AND SICK PAY

Sick pay must be accumulated but does not vest with the employee. Vacation time must be used during the calendar year earned or it is forfeited. Any accruals as of June 30 are considered immaterial.

INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds and are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

EQUITY CLASSIFICATIONS

Government-wide Statements

Equity is classified as net assets. Net assets represent the difference between assets and liabilities and are displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EQUITY CLASSIFICATIONS (Continued)

Fund Statements

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements.

TRANSFERS

During the year ended June 30, 2007, the ROE closed several of its inactive accounts after researching the proper disposition of any remaining funds. The amounts transferred between accounts are shown as transfers in the Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund Balance.

2. DEPOSITS AND INVESTMENTS

The *Illinois Compiled Statutes* authorize the ROE to make deposits and invest in U.S. Government, State of Illinois, and municipal securities; certificates of deposit or time savings deposits insured by the FDIC; mortgage notes, bonds, or debentures issued by the Federal Housing Administration; bonds and other obligations of the Federal National Mortgage Association; commercial paper rated within the three highest classifications by at least two standard rating services; credit union shares; and the Illinois Public Treasurer's Investment Pool.

Bank Deposits

At June 30, 2007, the carrying amount of the ROE's various bank deposits totaled \$2,452,142 and the bank balances totaled \$3,173,155. Included in the bank balance is \$2,314 deposited in the Illinois Funds and \$2,817,593 invested in the Illinois School District Liquid Asset Fund Plus.

Custodial credit risk for deposits with financial institutions is the risk that, in the event of a bank failure, the ROE's deposits may not be returned to it. The ROE does not have a deposit policy for custodial credit risk. As of June 30, 2007 all deposits in excess of FDIC insurance were collateralized with securities held by the pledging banks trust department.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

DEPOSITS AND INVESTMENTS (Continued)

Investments

The ROE does not have a formal investment policy, but requires that funds be invested solely in investments authorized by the Public Funds Investment Act, 30 ILCS 235/2.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to the investment, the ROE will not be able to recover the value of its investments that are in possession of an outside party.

The Illinois Funds (the Fund) is an external investment pool authorized by the Illinois General Assembly. The Fund is exempt from registering with the Securities and Exchange Commission. The Fund is rated by Standard and Poors upon the request of the Fund's management. The most recent money market rating issued by Standard and Poors was AAAm. The fair value of the position in the Illinois Funds Investment Pool is the same as the value of the pool shares. Illinois State Statute provides the Illinois State Treasurer with regulatory oversight over the Pool.

The Illinois School District Liquid Asset Fund Plus (ISDLAF+) is an external investment pool organized and existing under the laws of the State of Illinois. The Illinois Association of School Boards, the Illinois Association of School Administrators and the Illinois Association of School Business Officials serve as the sponsors of ISDLAF+. The investment advisor for ISDLAF+ is a corporation organized under the laws of the State of Illinois and is registered with the Securities and Exchange Commission. The most recent money market rating issued by Standard and Poors was AAAm. Portfolio securities are valued using the amortized cost method of valuation. This method involves valuing each investment at cost on the date of purchase and assuming a constant amortization to maturity of any discount or premium. Amortized cost valuation provides certainty in valuation, but may result in valuations that are higher or lower than the market price of a particular portfolio security. The ROE has elected to invest in the Multi-Class Series, which tries to maintain a stable net asset value of \$1.00 per share.

Investments by the ROE in external investment pools are considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book entry form.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

3. DUE TO/FROM OTHER FUNDS

The Peoria County ROE #48 had the following due to/from other fund balances for the year ended June 30, 2007:

DUE FROM OTHER FUNDS:				
	General Fund	Education Fund	Enterprise Fund	Total
DUE TO OTHER FUNDS:				
General Fund				\$ -
Education Fund			6,432	6,432
Nonmajor Funds				-
Enterprise Fund				-
Agency Fund				-
Total	\$ -	\$ -	\$ 6,432	\$ 6,432

4. DUE TO/FROM OTHER GOVERNMENTS

The Peoria County Regional Office of Education #48's governmental proprietary and fiduciary activities have amounts due to and due from various other governmental units which consist of the following:

Due From Other Governments:

Illinois State Board of Education	\$ 811,751
Other	<u>21,110</u>

\$ 832,861

Due To Other Governments:

Local School Districts	\$ 17,524
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5. CAPITAL ASSETS

In fiscal year 2007, assets were identified that were expensed in fiscal years 2004 and 2005 but should have been recorded as fixed assets and depreciated. An adjusting entry was made in fiscal year 2007 to correct this error, resulting in a prior period adjustment for the Capital Assets Fund. Depreciation of equipment is computed by straight-line method over the estimated useful lives of 5 years.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS
June 30, 2007

CAPITAL ASSETS- CONTINUED

The following is a summary of the changes in capital assets for the year ended June 30, 2007.

	Primary Government			
	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Government activities:				
Capital assets being depreciated:				
Equipment	\$ 510,491	\$ 146,861	\$ -	\$ 657,352
Total capital assets being depreciated	510,491	146,861	-	657,352
Less accumulated depreciation for:				
Equipment	267,966	96,839	-	364,805
Total accumulated depreciation	267,966	96,839	-	364,805
Governmental activities capital assets, net	<u>\$ 242,525</u>	<u>\$ 50,022</u>	<u>\$ -</u>	<u>\$ 292,547</u>

Depreciation expense was charged to functions as follows:

Governmental activities	
General government	<u>\$96,839</u>
Total governmental activities depreciation expense	<u>\$96,839</u>

6. RETIREMENT PLANS

All certified personnel participate in the Teachers' Retirement System of the State of Illinois (TRS). All other employees who meet or exceed prescribed annual hourly standards are enrolled in the Illinois Municipal Retirement Fund (IMRF).

TRS Plan Description

The ROE (employer) participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

RETIREMENT PLANS - CONTINUED

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the system's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate through June 30, 2007 was 9.4 percent of creditable earnings. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer.

In addition, virtually all employers and members pay a contribution to the Teachers' Health Insurance Security Fund (THIS), a separate fund in the State Treasury that is not a part of this retirement plan. The employer THIS Fund contribution was 0.6 percent during the year ended June 30, 2007, and the member THIS Fund health insurance contribution was 0.8 percent.

The State of Illinois makes contributions directly to TRS on behalf of the ROE's TRS-covered employees:

- On-behalf Contributions. The State of Illinois makes employer pension contributions on behalf of the ROE. For the year ended June 30, 2007, State of Illinois contributions were based on 9.78 percent of creditable earnings, and the ROE recognized revenue and expenditures of \$106,785 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2006, and June 30, 2005, the State of Illinois contribution rates as percentages of creditable earnings were 7.06 percent (\$58,693) and 11.76 percent (\$94,004), respectively.

The ROE makes other types of employer contributions directly to TRS.

- 2.2 Formula Contributions. Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. Contributions for the year ended June 30, 2007 were \$6,333. Contributions for the years ending June 30, 2006, and June 30, 2005, were \$4,822 and \$4,636, respectively.
- Federal and Trust Fund Contributions. When TRS members are paid from federal and trust funds administered by the ROE, there is a statutory requirement for the ROE to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that was first effective in the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2007, the employer pension contribution was 9.78 percent of salaries paid from federal and trust funds. For the years ended June 30, 2006 and June 30, 2005, the employer pension contribution was 7.06 percent and 10.5 percent of salaries paid from those funds. For the year ended June 30, 2007, salaries totaling \$69,548 were paid from federal and trust funds that required employer contributions of \$6,802. For the years ended June 30, 2006 and June 30, 2005, required ROE contributions were \$6,496 and \$13,357, respectively.

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

RETIREMENT PLANS - CONTINUED

TRS Plan Description (Continued)

- Early Retirement Option. The ROE is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2007. If members do not meet these conditions, they can retire under the "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

Under the ERO program that expired on June 30, 2005 and the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation.

Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2007, the ROE paid \$-0- to TRS for employer contributions under the Pipeline ERO and Modified ERO programs. For the years ended June 30, 2006 and June 30, 2005, the ROE made no payments under the ERO.

- Salary increases over 6 percent and excess sick leave. Public Act 94-0004 added two new employer contributions to TRS.

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent. For the year ended June 30, 2007, the ROE paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2006, the ROE paid \$-0- in employer contributions due on salary increases in excess of 6 percent.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.60 percent of salary during the year ended June 30, 2007). For the year ended June 30, 2007, the ROE paid \$-0- to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2006, the ROE paid \$-0- in employer contributions granted for sick leave days.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

RETIREMENT PLANS (Continued)

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer, and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2006. The report for the year ended June 30, 2007, is expected to be available in late 2007. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois; P.O. Box 19253, 2815 West Washington Street; Springfield, Illinois 62794-9253. The most current report is also available on the TRS Web site at www.trs.illinois.gov.

Illinois Municipal Retirement Fund

The ROE's employees are covered under the Illinois Municipal Retirement Fund. For all funds other than the Two Rivers Professional Development Center, contributions to the Fund are made by Peoria County on behalf of the Peoria County Regional Office of Education #48 employees.

The Two Rivers Professional Development Center (Center) is a department of the Peoria County Regional Office of Education #48.

The Center's defined benefit pension plan, Illinois Municipal Retirement Fund (IMRF) provides retirement, disability, annual cost of living adjustments, and death benefits to plan members and beneficiaries. IMRF acts as a common investment and administrative agent for local governments and school districts in Illinois. The Illinois Pension Code establishes the benefit provisions of the plan that can only be amended by the Illinois General Assembly.

IMRF issues a financial report that includes financial statements and required supplementary information. The report may be obtained at www.imrf.org/pubs/pubs_homepage.htm or by writing to the Illinois Municipal Retirement Fund; 2211 York Road, Suite 500; Oak Brook, Illinois 60523.

Employees participating in IMRF are required to contribute 4.50 percent of their annual covered salary. The member rate is established by State statute. The Center is required to contribute at an actuarially determined rate. The employer rate for calendar year 2006 was .91 percent of payroll. The employer contribution requirements are established and may be amended by the IMRF Board of Trustees. IMRF's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis (overfunded liability amortized on open basis). The amortization period at December 31, 2006, was 5 years.

For December 31, 2006, the Center's annual pension cost of \$1,435 was equal to the Center's required and actual contributions. The required contribution was determined as part of the December 31, 2004, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions included (a) 7.50 percent investment rate of return (net of administrative expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4 to 11.6 percent per year depending on age and service, attributable to seniority/merit, and (d) post-retirement benefit increases of 3.00 percent annually. The actuarial value of IMRF assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period with a 15 percent corridor. The assumptions used for the 2006 actuarial valuation were based on the 2002-2004 experience study.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

RETIREMENT PLANS - CONTINUED

Illinois Municipal Retirement Fund (Continued)

Actuarial Valuation Date	Trend Information		Percentage of APC Contributed	Net Pension Obligation
	Annual Pension Cost (APC)			
12/31/2006	\$ 1,435	100 %	\$0	
12/31/2005	1,383	100	0	
12/31/2004	5,812	100	0	
12/31/2003	11,811	100	0	
12/31/2002	17,046	100	0	
12/31/2001	24,084	100	0	
12/31/2000	13,287	100	0	
12/31/1999	12,699	100	0	
12/31/1998	15,653	100	0	
12/31/1997	12,948	100	0	

7. TWO RIVERS PROFESSIONAL DEVELOPMENT CENTER

The ROE has entered into an intergovernmental agreement with Knox County Regional Office of Education #33 to form an educational service delivery system known as Two Rivers Professional Development Center (Center). The ROE was designated as the administrative agent and as the director of the Center. The Center provides training, staff development, and educational programs to the educators in Knox and Peoria Counties.

8. RISK MANAGEMENT

The ROE is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance to cover these risks is provided through Peoria County.

9. OTHER DISCLOSURES

Accounting principles generally accepted in the United States of America require disclosure of certain information concerning individual funds (which are presented only in combination on the financial statements). Funds having deficit fund balances and funds which overextended appropriations during the year are required to be disclosed.

A. The following funds/accounts had a deficit fund balance at June 30, 2007.

<u>Fund/Account</u>	<u>Amount</u>
Standards Aligned Classroom – Statewide Professional Development	\$36,807
Standards Aligned Classroom – State	13,513
Reading First	3,875
Directory	761

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

10. AREA III LEARNING TECHNOLOGY CENTER

The Illinois State Board of Education has established a statewide Learning Technology Center Program for the purpose of providing a coordinated, statewide support infrastructure which assists school districts in planning for, implementing, assessing results, and educating school staff in the use of technology and telecommunications in curricular, instructional, and administrative functions. The Peoria County Regional Office of Education #48 is one of seven Learning Technology Centers in Illinois and leads coordination among twenty surrounding counties.

11. INTEREST ON DISTRIBUTIVE FUND

Interest earned on distributive fund receipts is remitted to all affected school boards and other entities that have activity in the distributive fund. The interest monies are allocated based upon the total flow-through activity for each entity and are distributed based on those percentages once per year.

12. OPERATING LEASES

Two Rivers Professional Development Center has three individual lease agreements for their office space at a monthly rent of \$5,772. Each lease is for a period of one year and is renewed on an annual basis.

During the year ended June 30, 2007, rentals under lease obligations were \$67,840.

13. ON-BEHALF PAYMENTS AND RELATED PARTY TRANSACTIONS

The State of Illinois makes contributions directly to TRS on behalf of the ROE's TRS-covered employees. The salaries, fringe benefits, and TRS contributions of the Regional Superintendent and the Assistant Superintendents are paid by the State of Illinois. The following salary and benefit data for the Regional Superintendent and Assistant Regional Superintendents was calculated based on data provided by the Illinois State Board of Education.

TRS pension contributions	\$ 106,785
Regional Superintendent – salary	88,540
Regional Superintendent – benefits (includes State paid insurance)	18,033
Assistant Regional Superintendents – salary	79,686
Assistant Regional Superintendents – benefits (includes State paid insurance)	<u>13,588</u>
Total	\$ 306,632

ROE personnel are paid by Peoria County, Illinois, in accordance with statutes. Employees of programs funded by federal and state grants are paid by the grant funds. Some fixed assets used solely by the ROE are purchased by Peoria County. Ownership of those fixed assets remains with the County of Peoria and, accordingly, the cost of these assets is not included in the ROE's financial statements. Peoria County also provides office space and some administrative expenses for the ROE. The following data was calculated based on information provided by Peoria County.

Salaries and benefits	\$ 190,779
Office expenses	<u>70,893</u>
Total	\$ 261,672

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

14. NEW ACCOUNTING PRONOUNCEMENT

The Regional Office of Education has implemented GASB Statement No. 43, *Financial Reporting for Postemployment Plans Other Than Pension Plans* effective for the fiscal year beginning July 1, 2006. The Statement had no effect on the Regional Office of Education's net assets or changes in net assets.

REQUIRED SUPPLEMENTARY INFORMATION
(Other than Management Discussion and Analysis)

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF FUNDING PROGRESS
For the Year Ended June 30, 2007

(Unaudited - See Accompanying Independent Auditor's Report)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2006	\$ 215,215	\$ 180,267	\$ (34,948)	119.39%	\$ 157,715	0.00%
12/31/2005	197,013	162,348	(34,665)	121.35%	151,964	0.00%
12/31/2004	176,657	133,241	(43,416)	132.58%	102,317	0.00%
12/31/2003	160,013	108,982	(51,031)	146.83%	134,220	0.00%
12/31/2002	149,786	135,550	(14,236)	110.50%	228,802	0.00%
12/31/2001	138,720	138,403	(317)	100.23%	295,154	0.00%
12/31/2000	96,249	80,095	(16,154)	120.17%	177,167	0.00%
12/31/1999	68,756	66,440	(2,316)	103.49%	164,499	0.00%
12/31/1998	51,295	45,067	(6,228)	113.82%	189,967	0.00%
12/31/1997	29,333	24,091	(5,242)	121.76%	186,123	0.00%

On a market value basis, the actuarial value of assets as of December 31, 2006 is \$226,654. On a market basis, the funded ratio would be 125.73%.

Digest of Changes

The actuarial assumptions used to determine the actuarial accrued liability for 2006 are based on the 2002-2004 Experience Study.

The principal changes were:

- * The 1994 Group Annuity Mortality implemented.
- * For Regular members, fewer normal and more early retirements are expected to occur.
- * SLEP Member contribution rate changed from 6.50% to 7.50% effective June 1, 2006.

SUPPLEMENTAL INFORMATION

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF ACCOUNTS
 GENERAL FUND
 June 30, 2007

	ASSETS	Administrative Interest Fund	ROE/ISC Operations	ROE Local Fund	Total
ASSETS					
Cash		\$ 15,054	\$ 54,262	\$ 74,632	\$ 143,948
Due from other funds		-	-	-	-
Due from other governmental units and agencies		305	-	-	305
TOTAL ASSETS		<u>\$ 15,359</u>	<u>\$ 54,262</u>	<u>\$ 74,632</u>	<u>\$ 144,253</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts payable		\$ -	\$ -	\$ -	\$ -
Due to other funds		-	-	-	-
FUND BALANCE					
Unreserved		15,359	54,262	74,632	144,253
TOTAL LIABILITIES AND FUND BALANCE		<u>\$ 15,359</u>	<u>\$ 54,262</u>	<u>\$ 74,632</u>	<u>\$ 144,253</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 GENERAL FUND ACCOUNTS
 For the Year Ended June 30, 2007

	Administrative Interest Fund	ROE/ISC Operations	ROE Local Fund	Total
REVENUES				
Local sources	\$ 2,725	\$ -	\$ -	\$ 2,725
State sources	-	167,562	584,722	752,284
Interest	22,826	-	-	22,826
On-behalf payments from Peoria County	-	-	261,672	261,672
On-behalf payments from State	-	71,805	227,024	298,829
Total revenues	25,551	239,367	1,073,418	1,338,336
EXPENDITURES				
Salaries	-	81,922	-	81,922
Employee benefits	-	17,056	-	17,056
Purchased services	1,373	40,344	1,296	43,013
Supplies and materials	50	17,352	-	17,402
Capital outlays	-	8,000	-	8,000
Payments to other governments	-	3,349	584,722	588,071
On-behalf payments to Peoria County	-	-	261,672	261,672
On-behalf payments to TRS and State	-	71,805	227,024	298,829
Other	11,035	-	595	11,630
Total expenditures	12,458	239,828	1,075,309	1,327,595
Excess (deficiency) of revenues over expenditures	13,093	(461)	(1,891)	10,741
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	(2,660)	-	-	(2,660)
Total other financing sources and uses	(2,660)	-	-	(2,660)
Net change in fund balances	10,433	(461)	(1,891)	8,081
FUND BALANCE, BEGINNING OF YEAR	4,926	54,723	76,523	136,172
FUND BALANCE, END OF YEAR	\$ 15,359	\$ 54,262	\$ 74,632	\$ 144,253

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND ACCOUNT
ROE/ISC OPERATIONS
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
State sources	167,206	167,206	167,562	356
Interest	-	-	-	-
On-behalf payments from State	-	-	71,805	71,805
Total revenues	167,206	167,206	239,367	72,161
EXPENDITURES				
Salaries	73,161	81,921	81,922	(1)
Employee benefits	2,100	17,555	17,056	499
Purchased services	56,517	44,820	40,344	4,476
Supplies and materials	31,000	16,510	17,352	(842)
Capital outlay	3,000	3,000	8,000	(5,000)
Payments to other governments	-	3,400	3,349	51
On-behalf payments to State	-	-	71,805	(71,805)
Other	1,428	-	-	-
Total expenditures	167,206	167,206	239,828	(72,622)
Excess of revenue over expenditures	\$ -	\$ -	(461)	\$ (461)
FUND BALANCE AT BEGINNING OF YEAR			54,723	
FUND BALANCE AT END OF YEAR			\$ 54,262	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND ACCOUNT
TITLE I SCHOOL IMPROVEMENT AND ACCOUNTABILITY GRANT
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Federal sources	<u>\$ 974,400</u>	<u>\$ 1,218,000</u>	<u>\$ 1,391,331</u>	<u>\$ 173,331</u>
Total revenues	<u>974,400</u>	<u>1,218,000</u>	<u>1,391,331</u>	<u>173,331</u>
EXPENDITURES				
Salaries	65,000	-	112,298	(112,298)
Employee benefits	6,250	-	14,430	(14,430)
Purchased services	200,000	260,000	282,856	(22,856)
Supplies and materials	150,000	75,000	83,659	(8,659)
Capital outlay	10,000	3,000	3,020	(20)
Payments to other governments	543,150	872,000	886,750	(14,750)
Other	<u>-</u>	<u>8,000</u>	<u>8,318</u>	<u>(318)</u>
Total expenditures	<u>974,400</u>	<u>1,218,000</u>	<u>1,391,331</u>	<u>(173,331)</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2007

ASSETS	ASSETS							
	Upward Generated	State Adult Education (Basic)	State Adult Education (Performance)	Federal Adult Education (Basic)	Secretary of State Literacy	Arts in Education	Family Literacy	Jail Library (Upward Generated)
Cash and cash equivalents	\$ 5,758	\$ 348	\$ -	\$ -	\$ -	\$ 1,767	\$ -	\$ 2,964
Due from other funds	-	-	-	-	-	-	-	-
Due from other governmental units and agencies	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 5,758	\$ 348	\$ -	\$ -	\$ -	\$ 1,767	\$ -	\$ 2,964
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	348	-	-	-	-	-	-
Total Liabilities	-	348	-	-	-	-	-	-
FUND BALANCE								
Unreserved	5,758	-	-	-	-	1,767	-	2,964
TOTAL LIABILITIES AND FUND BALANCE (DEFICT)	\$ 5,758	\$ 348	\$ -	\$ -	\$ -	\$ 1,767	\$ -	\$ 2,964

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2007

ASSETS	Communities					Peoria City		
	Secretary	Lincoln Senior Award	For Youth Truants Alternative	Truants Alternative/Safe Kids	Truants Alternative Homeless	Truants Alternative Weed and Seed	ROE Reorganization Incentive	Schools Education Liaison
Cash and cash equivalents	\$ 5	\$ 2,067	\$ 726	\$ -	\$ -	\$ -	\$ -	\$ 6,062
Due from other funds	-	-	-	-	-	-	-	-
Due from other governmental units and agencies	-	-	-	-	-	-	6,000	-
TOTAL ASSETS	\$ 5	\$ 2,067	\$ 726	\$ -	\$ -	\$ -	\$ 6,000	\$ 6,062
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	726	-	-	-	6,000	6,062
Total Liabilities	-	-	726	-	-	-	6,000	6,062
FUND BALANCE								
Unreserved	5	2,067	-	-	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 5	\$ 2,067	\$ 726	\$ -	\$ -	\$ -	\$ 6,000	\$ 6,062

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2007

	Standards Aligned						
	Learn and Serve America	Career Awareness and Development	Scientific Literacy Entitlement	Statewide Professional Development	Standards Aligned Classroom - State	Life Skills	Cooke School
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 149,641	\$ (7,081)	\$ -	\$ -
Due from other funds	-	-	-	-	-	-	-
Due from other governmental units and agencies	-	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ -	\$ 149,641	\$ (7,081)	\$ -	\$ -
LIABILITIES AND FUND BALANCE	-						
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	6,432	-	-
Deferred revenue	-	-	-	186,448	-	-	-
Total Liabilities	-	-	-	186,448	6,432	-	-
FUND BALANCE	-						
Unreserved	-	-	-	(36,807)	(13,513)	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ -	\$ -	\$ 149,641	\$ (7,081)	\$ -	\$ -

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2007

ASSETS	Zero Math	Learning Behavioral Specialist	Coordination Services Grant	Reading First	Reading First Technical Assistance	Title II Teacher Quality	Mathematics and Science Partnership	Paraprofessional
Cash and cash equivalents	\$ -	\$ -	\$ 363,990	\$ (9,986)	\$ 20,099	\$ 27,666	\$ 194,898	\$ -
Due from other funds	-	-	-	-	-	-	-	-
Due from other governmental units and agencies	-	-	-	6,111	30,000	52,800	54,721	-
TOTAL ASSETS	\$ -	\$ -	\$ 363,990	\$ (3,875)	\$ 50,099	\$ 80,466	\$ 249,619	\$ -
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,600	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	363,990	-	50,099	80,466	234,019	-
Total Liabilities	-	-	363,990	-	50,099	80,466	249,619	-
FUND BALANCE								
Unreserved	-	-	-	(3,875)	-	-	-	-
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ -	\$ -	\$ 363,990	\$ (3,875)	\$ 50,099	\$ 80,466	\$ 249,619	\$ -

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
COMBINING SCHEDULE OF ACCOUNTS
EDUCATION FUND
June 30, 2007

	Special Education						
	Regional Professional Development Center	Illinois Department of Public Health	Reading Improvement Block	Socially Emotional Learning	Preschool For All Children	Preschool For All Liaison	Total
ASSETS							
Cash and cash equivalents	\$ 26,365	\$ 1,002	\$ -	\$ 23,632	\$ 132,086	\$ 1,732	\$ 943,741
Due from other funds	-	-	-	-	-	-	-
Due from other governmental units and agencies	125,000	-	-	25,000	259,261	-	558,893
TOTAL ASSETS	\$ 151,365	\$ 1,002	\$ -	\$ 48,632	\$ 391,347	\$ 1,732	\$ 1,502,634
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 7,000	\$ -	\$ -	\$ -	\$ 1,742	\$ -	\$ 24,342
Due to other funds	-	-	-	-	-	-	6,432
Deferred revenue	144,365	1,002	-	48,632	389,605	1,732	1,513,494
Total Liabilities	151,365	1,002	-	48,632	391,347	1,732	1,544,268
FUND BALANCE							
Unreserved	-	-	-	-	-	-	(41,634)
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 151,365	\$ 1,002	\$ -	\$ 48,632	\$ 391,347	\$ 1,732	\$ 1,502,634

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007

	Upward Generated	State Adult Education (Basic)	State Adult Education (Performance)	Federal Adult Education (Basic)	Secretary of State Literacy	Arts in Education	Family Literacy	Jail Library (Upward Generated)
REVENUES								
Local sources	\$ 6,880	\$ -	\$ -	\$ -	\$ -	\$ 36,358	\$ -	\$ 4,500
State sources	-	30,892	27,447	-	56,000	-	-	-
Federal sources	-	-	-	24,689	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Total revenues	6,880	30,892	27,447	24,689	56,000	36,358	-	4,500
EXPENDITURES								
Salaries	-	16,441	21,226	20,758	44,620	5,982	-	-
Employee benefits	-	1,258	1,639	1,588	3,413	-	-	-
Purchased services	-	5,983	3,439	1,850	3,515	26,709	-	2,000
Supplies and materials	207	173	559	493	4,420	4,640	-	-
Capital outlay	-	-	-	-	-	-	-	-
Payments to other governments	-	-	-	-	-	-	-	-
Other	20	-	-	-	-	108	-	-
Total expenditures	227	23,855	26,863	24,689	55,968	37,439	-	2,000
Excess (deficiency) of revenues over expenditures	6,653	7,037	584	-	32	(1,081)	-	2,500
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	1,573	5,463	1,224	-	-	-
Transfers out	(1,224)	(7,037)	-	-	-	-	(41)	-
Total other financing sources and uses	(1,224)	(7,037)	1,573	5,463	1,224	-	(41)	-
Net change in fund balances	5,429	-	2,157	5,463	1,256	(1,081)	(41)	2,500
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	329	-	(2,157)	(5,463)	(1,256)	2,848	41	464
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 5,758	\$ -	\$ -	\$ -	\$ -	\$ 1,767	\$ -	\$ 2,964

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007

	Secretary	Lincoln Senior Award	Communities For Youth Truants Alternative	Truants Alternative Safe Kids	Truants Alternative Homeless	Truants Alternative Weed and Seed	ROE Reorganization Incentive	Peoria City Schools Education Liaison
REVENUES								
Local sources	\$ -	\$ 1,747	\$ -	\$ -	\$ -	\$ 21,683	\$ -	\$ 8,938
State sources	-	-	190,228	113	-	-	-	-
Federal sources	-	-	-	-	58,000	-	-	-
Interest	-	-	-	-	-	-	-	-
Total revenues	-	1,747	190,228	113	58,000	21,683	-	8,938
EXPENDITURES								
Salaries	-	-	161,048	-	41,474	19,332	-	7,338
Employee benefits	-	-	21,710	-	8,283	1,479	-	561
Purchased services	1,500	2,442	8,702	-	2,891	871	-	877
Supplies and materials	-	172	876	-	5,352	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Payments to other governments	-	-	726	-	-	-	-	-
Other	-	164	-	-	-	-	-	162
Total expenditures	1,500	2,778	193,062	-	58,000	21,682	-	8,938
Excess (deficiency) of revenues over expenditures	(1,500)	(1,031)	(2,834)	113	-	1	-	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	2,834	-	345	-	-	-
Transfers out	-	-	-	(172)	-	(303)	-	-
Total other financing sources and uses	-	-	2,834	(172)	345	(303)	-	-
Net change in fund balances	(1,500)	(1,031)	-	(59)	345	(302)	-	-
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	1,505	3,098	-	59	(345)	302	-	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 5	\$ 2,067	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007

	Team and Serve America	Career Awareness and Development	Scientific Literacy Entitlement	Standards Aligned			Life Skills	Cooke School	Reading Excellence Grant
				Classroom - Statewide	Classroom - Professional Development	Classroom - State			
REVENUES									
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,342	\$ -	\$ -
State sources	-	100	22,731	-	-	-	-	-	-
Federal sources	7,000	-	-	202,422	83,389	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-
Total revenues	7,000	100	22,731	202,422	83,389	5,342	-	-	-
EXPENDITURES									
Salaries	-	-	-	66,993	74,619	-	-	-	-
Employee benefits	-	-	-	9,101	13,855	-	-	-	-
Purchased services	3,520	-	-	44,529	1,605	-	-	-	-
Supplies and materials	3,480	-	-	13,088	-	-	-	-	-
Capital outlay	-	-	-	-	6,938	-	-	-	-
Payments to other governments	-	-	-	105,518	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total expenditures	7,000	-	-	239,229	97,017	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	100	22,731	(36,807)	(13,628)	5,342	-	-	-
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(100)	(23,754)	-	-	(5,342)	(761)	(126)	(126)
Total other financing sources and uses	-	(100)	(23,754)	-	-	(5,342)	(761)	(126)	(126)
Net change in fund balances	-	-	(1,023)	(36,807)	(13,628)	-	(761)	(126)	(126)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	-	-	1,023	-	115	-	761	126	126
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ -	\$ -	\$ -	\$ (36,807)	\$ (13,513)	\$ -	\$ -	\$ -	\$ -

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007

REVENUES									
Zero	Learning	Coordination	Reading First	Reading First	Title II	Mathematics			
Math	Behavioral Specialist	Services Grant	Technical Assistance	Teacher Quality	Partnership	Paraprofessional			
\$	-	\$	-	\$	-	\$	-	\$	-
-	-	224,676	-	-	-	-	-	-	-
-	-	-	281,780	16,571	147,485	159,157	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	224,676	281,780	16,571	147,485	159,157	-	-	-
Total revenues									
EXPENDITURES									
Salaries	-	52,500	100,189	-	-	7,709	-	-	-
Employee benefits	-	7,195	17,724	-	-	931	-	-	-
Purchased services	-	6,444	35,821	5,120	6,615	146,675	-	-	-
Supplies and materials	-	1,494	122,277	11,390	339	1,772	-	-	-
Capital outlay	-	13,298	1,200	-	-	-	-	-	-
Payments to other governments	-	143,745	8,444	-	140,531	2,070	-	-	-
Other	-	-	-	61	-	-	-	-	-
-	-	224,676	285,655	16,571	147,485	159,157	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	(3,875)	-	-	-	-	-	-
Total expenditures									
Excess (deficiency) of revenues over expenditures									
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	-	-	-	-	-	112
Transfers out	(660)	-	-	-	-	-	-	-	-
-	(660)	-	-	-	-	-	-	-	-
-	(660)	-	-	-	-	-	-	-	112
Total other financing sources and uses									
Net change in fund balances									
(660)	(525)	-	(3,875)	-	-	-	-	-	112
FUND BALANCE (DEFICIENCY) AT BEGINNING OF YEAR									
660	525	-	-	-	-	-	-	-	(112)
FUND BALANCE (DEFICIENCY) AT END OF YEAR									
\$	-	\$	\$	(3,875)	\$	-	\$	-	\$

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
EDUCATION FUND ACCOUNTS
For the Year Ended June 30, 2007

	Special Education						
	Regional Professional Development Center	Illinois Department of Public Health	Reading Improvement Block	Socially Emotional Learning	Preschool For All Children	Preschool For All Liaison	Total
REVENUES							
Local sources	\$ -	\$ -	\$ -	\$ 1,368	\$ -	\$ -	\$ 86,816
State sources	-	-	-	-	331,848	18,668	902,703
Federal sources	377,244	-	-	-	-	-	1,357,737
Interest	-	-	-	-	-	-	-
Total revenues	377,244	-	-	1,368	331,848	18,668	2,347,256
EXPENDITURES							
Salaries	63,738	-	-	673	148,557	-	853,197
Employee benefits	8,041	-	-	52	27,444	-	124,274
Purchased services	175,969	-	10,543	643	45,697	17,671	561,631
Supplies and materials	44,442	-	-	-	59,805	-	274,979
Capital outlay	14,570	-	-	-	26,939	997	63,942
Payments to other governments	70,089	-	-	-	23,406	-	494,529
Other	395	-	-	-	-	-	910
Total expenditures	377,244	-	10,543	1,368	331,848	18,668	2,373,462
Excess (deficiency) of revenues over expenditures	-	-	(10,543)	-	-	-	(26,206)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	11,551
Transfers out	-	-	(57)	-	-	-	(40,102)
Total other financing sources and uses	-	-	(57)	-	-	-	(28,551)
Net change in fund balances	-	-	(10,600)	-	-	-	(54,757)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	-	-	10,600	-	-	-	13,123
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (41,634)

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
STATE ADULT EDUCATION (BASIC)
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
State sources	\$ 23,855	\$ 23,855	\$ 30,892	\$ 7,037
Total revenues	<u>23,855</u>	<u>23,855</u>	<u>30,892</u>	<u>7,037</u>
EXPENDITURES				
Salaries	15,160	15,160	16,441	(1,281)
Employee benefits	1,537	1,537	1,258	279
Purchased services	6,650	6,650	5,983	667
Supplies and materials	508	508	173	335
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>23,855</u>	<u>23,855</u>	<u>23,855</u>	<u>-</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	7,037	<u>\$ 7,037</u>
OTHER FINANCING SOURCES (USES):				
Transfers out			<u>(7,037)</u>	
Total other financing sources and uses			<u>(7,037)</u>	
Net change in fund balances			-	
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
STATE ADULT EDUCATION (PERFORMANCE)
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 26,869	\$ 26,869	\$ 27,447	\$ 578
Total revenues	26,869	26,869	27,447	578
EXPENDITURES				
Salaries	17,301	17,301	21,226	(3,925)
Employee benefits	1,753	1,753	1,639	114
Purchased services	6,351	6,351	3,439	2,912
Supplies and materials	764	764	559	205
Capital outlay	700	700	-	700
Total expenditures	26,869	26,869	26,863	6
Excess of revenue over expenditures	\$ -	\$ -	584	\$ 584
OTHER FINANCING SOURCES (USES):				
Transfers in			1,573	
Total other financing sources and uses			1,573	
Net change in fund balances			2,157	
FUND BALANCE AT BEGINNING OF YEAR			(2,157)	
FUND BALANCE AT END OF YEAR			\$ -	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
FEDERAL ADULT EDUCATION (BASIC)
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Federal sources	\$ 24,689	\$ 24,689	\$ 24,689	\$ -
Total revenues	24,689	24,689	24,689	-
EXPENDITURES				
Salaries	19,015	19,015	20,758	(1,743)
Employee benefits	1,902	1,902	1,588	314
Purchased services	2,300	2,300	1,850	450
Supplies and materials	839	839	493	346
Capital outlay	633	633	-	633
Total expenditures	24,689	24,689	24,689	-
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			5,463	
Total other financing sources and uses			5,463	
Net change in fund balances			5,463	
FUND BALANCE AT BEGINNING OF YEAR			(5,463)	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
SECRETARY OF STATE LITERACY
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
State sources	\$ 56,000	\$ 56,000	\$ 56,000	\$ -
Total revenues	56,000	56,000	56,000	-
EXPENDITURES				
Salaries	44,620	44,620	44,620	-
Employee benefits	3,682	3,682	3,413	269
Purchased services	3,561	3,561	3,515	46
Supplies and materials	4,012	4,012	4,420	(408)
Other	125	125	-	125
Total expenditures	56,000	56,000	55,968	32
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	32	<u>\$ 32</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			1,224	
Total other financing sources and uses			1,224	
Net change in fund balances			1,256	
FUND BALANCE AT BEGINNING OF YEAR			(1,256)	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
COMMUNITIES FOR YOUTH TRUANTS ALTERNATIVE
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
State sources	\$ 180,433	\$ 193,063	\$ 190,228	\$ (2,835)
Total revenues	<u>180,433</u>	<u>193,063</u>	<u>190,228</u>	<u>(2,835)</u>
EXPENDITURES				
Salaries	149,352	161,410	161,048	362
Employee benefits	25,081	20,653	21,710	(1,057)
Purchased services	5,000	10,000	8,702	1,298
Supplies and materials	1,000	1,000	876	124
Payments to other governments	<u>-</u>	<u>-</u>	<u>726</u>	<u>(726)</u>
Total expenditures	<u>180,433</u>	<u>193,063</u>	<u>193,062</u>	<u>1</u>
Deficit of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(2,834)	<u>\$ (2,834)</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			<u>2,834</u>	
Total other financing sources and uses			<u>2,834</u>	
Net change in fund balances			-	
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TRUANTS ALTERNATIVE HOMELESS
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 58,000	\$ 58,000	\$ 58,000	\$ -
Total revenues	58,000	58,000	58,000	-
EXPENDITURES				
Salaries	40,000	40,000	41,474	(1,474)
Employee benefits	7,700	7,700	8,283	(583)
Purchased services	1,000	1,000	2,891	(1,891)
Supplies and materials	8,800	8,800	5,352	3,448
Other	500	500	-	500
Total expenditures	58,000	58,000	58,000	-
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			345	
Total other financing sources and uses			345	
Net change in fund balances			345	
FUND BALANCE AT BEGINNING OF YEAR			(345)	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
PEORIA CITY / SCHOOLS EDUCATION LIAISON
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local sources	\$ 34,000	\$ 15,000	\$ 8,938	\$ (6,062)
Total revenues	<u>34,000</u>	<u>15,000</u>	<u>8,938</u>	<u>(6,062)</u>
EXPENDITURES				
Salaries	24,000	10,500	7,338	3,162
Employee benefits	-	-	561	(561)
Purchased services	8,000	3,600	877	2,723
Other	<u>2,000</u>	<u>900</u>	<u>162</u>	<u>738</u>
Total expenditures	<u>34,000</u>	<u>15,000</u>	<u>8,938</u>	<u>6,062</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 LEARN AND SERVE AMERICA
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Federal sources	\$ 7,000	\$ 7,000	\$ 7,000	\$ -
Total revenues	7,000	7,000	7,000	-
EXPENDITURES				
Salaries	3,520	-	-	-
Purchased services	2,480	4,575	3,520	1,055
Supplies and materials	1,000	2,425	3,480	(1,055)
Total expenditures	7,000	7,000	7,000	-
Excess of revenue over expenditures	\$ -	\$ -	-	\$ -
FUND BALANCE AT BEGINNING OF YEAR			-	
FUND BALANCE AT END OF YEAR			\$ -	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
STANDARDS ALIGNED CLASSROOM - STATEWIDE PROFESSIONAL DEVELOPMENT
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Local sources	\$ -	\$ -	\$ -	\$ -
Federal sources	<u>128,392</u>	<u>128,392</u>	<u>202,422</u>	<u>74,030</u>
Total revenues	<u>128,392</u>	<u>128,392</u>	<u>202,422</u>	<u>74,030</u>
EXPENDITURES				
Salaries	-	-	66,993	(66,993)
Employee benefits	-	-	9,101	(9,101)
Purchased services	128,392	128,392	44,529	83,863
Supplies and materials	-	-	13,088	(13,088)
Capital outlay	-	-	-	-
Payments to other governments	-	-	105,518	(105,518)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>128,392</u>	<u>128,392</u>	<u>239,229</u>	<u>(110,837)</u>
Deficit of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(36,807)	<u>\$ (36,807)</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ (36,807)</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
COORDINATION SERVICES GRANT
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 300,000	\$ 375,000	\$ 224,676	\$ (150,324)
Total revenues	300,000	375,000	224,676	(150,324)
EXPENDITURES				
Salaries	10,000	-	52,500	(52,500)
Employee benefits	1,000	-	7,195	(7,195)
Purchased services	35,000	12,000	6,444	5,556
Supplies and materials	10,000	6,000	1,494	4,506
Capital outlay	15,000	20,000	13,298	6,702
Payments to other governments	229,000	337,000	143,745	193,255
Other	-	-	-	-
Total expenditures	300,000	375,000	224,676	150,324
Excess of revenue over expenditures	\$ -	\$ -	-	\$ -
FUND BALANCE AT BEGINNING OF YEAR			-	
FUND BALANCE AT END OF YEAR			\$ -	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
READING FIRST
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Federal sources	<u>\$ 275,250</u>	<u>\$ 275,250</u>	<u>\$ 281,780</u>	<u>\$ 6,530</u>
Total revenues	<u>275,250</u>	<u>275,250</u>	<u>281,780</u>	<u>6,530</u>
EXPENDITURES				
Salaries	99,778	87,130	100,189	(13,059)
Employee benefits	17,049	14,808	17,724	(2,916)
Purchased services	50,076	32,362	35,821	(3,459)
Supplies and materials	107,347	133,550	122,277	11,273
Capital outlay	1,000	-	1,200	(1,200)
Payments to other governments	<u>-</u>	<u>7,400</u>	<u>8,444</u>	<u>(1,044)</u>
Total expenditures	<u>275,250</u>	<u>275,250</u>	<u>285,655</u>	<u>(10,405)</u>
Deficit of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>(3,875)</u>	<u>\$ (3,875)</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ (3,875)</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
READING FIRST TECHNICAL ASSISTANCE
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Federal sources	<u>\$ 55,000</u>	<u>\$ 55,000</u>	<u>\$ 16,571</u>	<u>\$ (38,429)</u>
Total revenues	<u>55,000</u>	<u>55,000</u>	<u>16,571</u>	<u>(38,429)</u>
EXPENDITURES				
Salaries	-	-	-	-
Employee benefits	-	-	-	-
Purchased services	11,140	5,200	5,120	80
Supplies and materials	31,710	49,800	11,390	38,410
Capital outlays	-	-	-	-
Payments to other governments	12,150	-	-	-
Other	<u>-</u>	<u>-</u>	<u>61</u>	<u>(61)</u>
Total expenditures	<u>55,000</u>	<u>55,000</u>	<u>16,571</u>	<u>38,429</u>
Excess of revenue over expenditures	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u>-</u>	<u><u>\$ -</u></u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u><u>\$ -</u></u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
TITLE II TEACHER QUALITY
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Federal sources	\$ 105,600	\$ 132,000	\$ 147,485	\$ 15,485
Total revenues	<u>105,600</u>	<u>132,000</u>	<u>147,485</u>	<u>15,485</u>
EXPENDITURES				
Salaries	8,500	-	-	-
Employee benefits	850	-	-	-
Purchased services	20,000	7,000	6,615	385
Supplies and materials	8,000	2,000	339	1,661
Payments to other governments	68,250	123,000	140,531	(17,531)
Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>105,600</u>	<u>132,000</u>	<u>147,485</u>	<u>(15,485)</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
MATHEMATICS AND SCIENCE PARTNERSHIP
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Federal sources	\$ 239,950	\$ 282,530	\$ 159,157	\$ (123,373)
Total revenues	239,950	282,530	159,157	(123,373)
EXPENDITURES				
Salaries	-	6,232	7,709	(1,477)
Employee benefits	-	600	931	(331)
Purchased services	224,950	255,678	146,675	109,003
Supplies and materials	15,000	20,020	1,772	18,248
Payments to other governments			2,070	(2,070)
Other	-	-	-	-
Total expenditures	239,950	282,530	159,157	123,373
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
OTHER FINANCING SOURCES (USES):				
Transfers in			-	
Transfers out			-	
Total other financing sources and uses			-	
Net change in fund balances			-	
FUND BALANCE AT BEGINNING OF YEAR			-	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 BUDGETARY COMPARISON SCHEDULE
 EDUCATION FUND ACCOUNTS
 SPECIAL EDUCATION REGIONAL PROFESSIONAL DEVELOPMENT CENTER
 For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Federal sources	<u>\$ 425,000</u>	<u>\$ 425,000</u>	<u>\$ 377,244</u>	<u>\$ (47,756)</u>
Total revenues	<u>425,000</u>	<u>425,000</u>	<u>377,244</u>	<u>(47,756)</u>
EXPENDITURES				
Salaries	69,650	71,100	63,738	7,362
Employee benefits	19,276	8,304	8,041	263
Purchased services	180,855	239,693	175,969	63,724
Supplies and materials	39,270	34,610	44,442	(9,832)
Capital outlay	11,099	11,099	14,570	(3,471)
Payments to other governments	103,850	59,799	70,089	(10,290)
Other	<u>1,000</u>	<u>395</u>	<u>395</u>	<u>-</u>
Total expenditures	<u>425,000</u>	<u>425,000</u>	<u>377,244</u>	<u>47,756</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
READING IMPROVEMENT BLOCK
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
State Sources	\$ 10,600	\$ 10,600	\$ -	\$ (10,600)
Total revenues	<u>10,600</u>	<u>10,600</u>	<u>-</u>	<u>(10,600)</u>
EXPENDITURES				
Purchased services	1,000	1,000	10,543	(9,543)
Supplies and materials	<u>9,600</u>	<u>9,600</u>	<u>-</u>	<u>9,600</u>
Total expenditures	<u>10,600</u>	<u>10,600</u>	<u>10,543</u>	<u>57</u>
Deficit of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	(10,543)	<u>\$ (10,543)</u>
OTHER FINANCING SOURCES (USES):				
Transfers out			<u>(57)</u>	
Total other financing sources and uses			<u>(57)</u>	
Net change in fund balances			(10,600)	
FUND BALANCE AT BEGINNING OF YEAR			<u>10,600</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
SOCIALLY EMOTIONAL LEARNING
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Local sources	\$ 50,000	\$ 50,000	\$ 1,368	\$ (48,632)
Total revenues	50,000	50,000	1,368	(48,632)
EXPENDITURES				
Salaries	28,000	28,000	673	27,327
Employee benefits	-	-	52	(52)
Purchased services	16,760	16,760	643	16,117
Supplies and materials	2,940	2,940	-	2,940
Capital outlays	2,300	2,300	-	2,300
Total expenditures	50,000	50,000	1,368	48,632
Excess of revenue over expenditures	\$ -	\$ -	-	\$ -
FUND BALANCE AT BEGINNING OF YEAR			-	
FUND BALANCE AT END OF YEAR			\$ -	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
EDUCATION FUND ACCOUNTS
PRESCHOOL FOR ALL CHILDREN
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
State sources	<u>\$ 765,000</u>	<u>\$ 721,453</u>	<u>\$ 331,848</u>	<u>\$ (389,605)</u>
Total revenues	<u>765,000</u>	<u>721,453</u>	<u>331,848</u>	<u>(389,605)</u>
EXPENDITURES				
Salaries	364,305	120,636	148,557	(27,921)
Employee benefits	96,209	25,416	27,444	(2,028)
Purchased services	151,451	174,083	45,697	128,386
Supplies and materials	106,392	326,398	59,805	266,593
Capital outlays	23,300	51,577	26,939	24,638
Payments to other governments	<u>23,343</u>	<u>23,343</u>	<u>23,406</u>	<u>(63)</u>
Total expenditures	<u>765,000</u>	<u>721,453</u>	<u>331,848</u>	<u>389,605</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE AT BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE AT END OF YEAR			<u>\$ -</u>	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF ACCOUNTS
 LEARNING TECHNOLOGY CENTER
 June 30, 2007

ASSETS	ASSETS			
	General Operations	Technical Training/ Support	Education Technology Competitive Grant	Total
Cash and cash equivalents	\$ 134,651	\$ 32,523	\$ -	\$ 167,174
Due from other governmental units and agencies	1,716	230	-	1,946
TOTAL ASSETS	\$ 136,367	\$ 32,753	\$ -	\$ 169,120
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	-	-	-
Total Liabilities	-	-	-	-
FUND BALANCE				
Unreserved	136,367	32,753	-	169,120
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 136,367	\$ 32,753	\$ -	\$ 169,120

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 LEARNING TECHNOLOGY CENTER ACCOUNTS
 For the Year Ended June 30, 2007

	General Operations	Technical Training/ Support	Education Technology Competitive Grant	Total
REVENUES				
Local sources	\$ -	\$ 93,875	\$ -	\$ 93,875
State sources	255,310	-	-	255,310
Federal sources	-	-	434	434
Interest	-	6,047	-	6,047
On-behalf payments from State	7,803	-	-	7,803
Total revenues	263,113	99,922	434	363,469
EXPENDITURES				
Salaries	164,515	-	-	164,515
Employee benefits	37,088	-	-	37,088
Purchased services	49,870	31,663	-	81,533
Supplies and materials	4,526	37,930	-	42,456
Capital outlay	25,076	10,533	-	35,609
On-behalf payments to TRS and State	7,803	-	-	7,803
Payments to other governments	9,040	-	-	9,040
Other	-	205	434	639
Total expenditures	297,918	80,331	434	378,683
Excess (deficiency) of revenues over expenditures	(34,805)	19,591	-	(15,214)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	(34,805)	19,591	-	(15,214)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	171,172	13,162	-	184,334
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 136,367	\$ 32,753	\$ -	\$ 169,120

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
BUDGETARY COMPARISON SCHEDULE
LEARNING TECHNOLOGY CENTER ACCOUNTS
GENERAL OPERATIONS
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
State sources	\$ 253,594	\$ 255,310	\$ 255,310	\$ -
Interest	-	-	-	-
On-behalf payments to TRS	-	-	7,803	7,803
Total revenues	253,594	255,310	263,113	7,803
EXPENDITURES				
Salaries	173,702	164,514	164,515	(1)
Employee benefits	36,213	37,093	37,088	5
Purchased services	24,019	38,035	49,870	(11,835)
Supplies and materials	3,250	3,250	4,526	(1,276)
Capital outlay	1,770	2,578	25,076	(22,498)
On-behalf payments to TRS	-	-	7,803	(7,803)
Payments to other governments	14,640	9,840	9,040	800
Other	-	-	-	-
Total expenditures	253,594	255,310	297,918	(42,608)
Deficit of revenue over expenditures	\$ -	\$ -	(34,805)	\$ (34,805)
FUND BALANCE AT BEGINNING OF YEAR			171,172	
FUND BALANCE AT END OF YEAR			\$ 136,367	

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING BALANCE SHEET
 NON MAJOR SPECIAL REVENUE FUNDS
 June 30, 2007

ASSETS	ASSETS						
	Food Co-op	Clean Water Celebration	Supervisory Expense	Arts Opportunities	General Educational Development	Teachers' Institute	Bus Driver
Cash and cash equivalents	\$ 5,960	\$ -	\$ 2,952	\$ 235	\$ 22,031	\$ 93,624	\$ 2,786
Due from other governmental units and agencies	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 5,960	\$ -	\$ 2,952	\$ 235	\$ 22,031	\$ 93,624	\$ 2,786
LIABILITIES	LIABILITIES AND FUND BALANCE						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	56,436	-
Total Liabilities	-	-	-	-	-	56,436	-
FUND BALANCE (DEFICIT)	5,960	-	2,952	235	22,031	37,188	2,786
Unreserved							
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)	\$ 5,960	\$ -	\$ 2,952	\$ 235	\$ 22,031	\$ 93,624	\$ 2,786

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
COMBINING BALANCE SHEET
NON MAJOR SPECIAL REVENUE FUNDS
June 30, 2007

ASSETS		Directory	Hospital Tutoring	Office of Prevention	Local Math and Science Cooperative	Pleasant Valley Funds	School Improvement Plan	Total
ASSETS								
Cash and cash equivalents		\$ (761)	\$ 13,593	\$ 30,738	\$ 103,458	\$ 10,352	\$ -	\$ 284,968
Due from other governmental units and agencies		-	-	-	-	-	-	-
TOTAL ASSETS		\$ (761)	\$ 13,593	\$ 30,738	\$ 103,458	\$ 10,352	\$ -	\$ 284,968
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts payable		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds		-	-	-	-	-	-	-
Deferred revenue		-	-	-	-	-	-	56,436
Total Liabilities		-	-	-	-	-	-	56,436
FUND BALANCE (DEFICIT)								
Unreserved		(761)	13,593	30,738	103,458	10,352	-	228,532
TOTAL LIABILITIES AND FUND BALANCE (DEFICIT)		\$ (761)	\$ 13,593	\$ 30,738	\$ 103,458	\$ 10,352	\$ -	\$ 284,968

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NON MAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2007

	Food Co-op	Clean Water Celebration	Supervisory Expense	Arts Opportunities	General Educational Development	Teachers' Institute	Bus Driver
REVENUES							
Local sources	\$ 9,100	\$ 50	\$ -	\$ -	\$ 18,187	\$ 44,439	\$ -
State sources	-	-	1,000	-	-	-	3,040
Total revenues	9,100	50	1,000	-	18,187	44,439	3,040
EXPENDITURES							
Salaries	-	-	-	-	1,800	-	-
Employee benefits	-	-	-	-	138	-	-
Purchased services	7,443	-	-	113	4,749	34,487	2,831
Supplies and materials	349	-	-	-	6,116	2,209	-
Payments to other governments	-	-	-	-	-	-	-
Other	-	-	331	-	292	10,965	98
Total expenditures	7,792	-	331	113	13,095	47,661	2,929
Excess (deficiency) of revenues over expenditures	1,308	50	669	(113)	5,092	(3,222)	111
OTHER FINANCING SOURCES (USES):							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-
Net change in fund balances	1,308	50	669	(113)	5,092	(3,222)	111
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	4,652	(50)	2,283	348	16,939	40,410	2,675
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 5,960	\$ -	\$ 2,952	\$ 235	\$ 22,031	\$ 37,188	\$ 2,786

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 NON MAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2007

REVENUES	Directory	Hospital Tutoring	Office of Prevention	Local Math and Science Cooperative	Pleasant Valley Funds	School Improvement Plan	Total
\$	8,225	\$ 43,307	\$ 9,456	\$ 2,800	\$ -	\$ -	\$ 135,564
State sources	-	-	-	-	-	-	4,040
Total revenues	8,225	43,307	9,456	2,800	-	-	139,604
EXPENDITURES							
Salaries	-	-	-	-	-	-	1,800
Employee benefits	-	-	-	-	-	-	138
Purchased services	4,399	38,523	4,975	272	-	-	97,792
Supplies and materials	109	28	1,007	-	-	-	9,818
Payments to other governments	-	-	-	14,110	-	-	14,110
Other	2,680	3,289	-	-	-	-	17,655
Total expenditures	7,188	41,840	5,982	14,382	-	-	141,313
Excess (deficiency) of revenues over expenditures	1,037	1,467	3,474	(11,582)	-	-	(1,709)
OTHER FINANCING SOURCES (USES):							
Transfers In	-	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	(5)	(5)
Total other financing sources and uses	-	-	-	-	-	(5)	(5)
Net change in fund balances	1,037	1,467	3,474	(11,582)	-	(5)	(1,714)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	(1,798)	12,126	27,264	115,040	10,352	5	230,246
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ (761)	\$ 13,593	\$ 30,738	\$ 103,458	\$ 10,352	\$ -	\$ 228,532

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING STATEMENT OF FIDUCIARY NET ASSETS
 AGENCY FUNDS
 June 30, 2007

	Regional Board of School Trustees					Criminal Background Checks	Answers	Total
	Distributive Fund			Trustees Fund	C.I.S.E. Fund			
ASSETS								
Cash and cash equivalents	\$ 2,877	\$	83	\$	1,864	\$ 12,388	\$ -	\$ 17,212
Due from other governmental units and agencies	312		-		-	-	-	312
TOTAL ASSETS	\$ 3,189	\$	83	\$	1,864	\$ 12,388	\$ -	\$ 17,524
LIABILITIES								
Due to other funds		\$	-	\$	-	\$ -	\$ -	\$ -
Due to other governmental units	3,189		83		1,864	12,388	-	17,524
Deferred revenue			-		-	-	-	-
TOTAL LIABILITIES	\$ 3,189	\$	83	\$	1,864	\$ 12,388	\$ -	\$ 17,524

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
DISTRIBUTIVE FUND				
ASSETS				
Cash and cash equivalents	\$ -	\$ 10,183,652	\$ 10,180,775	\$ 2,877
Due from other governmental units and agencies	401,125	312	401,125	312
Total assets	<u>\$ 401,125</u>	<u>\$ 10,183,964</u>	<u>\$ 10,581,900</u>	<u>\$ 3,189</u>
LIABILITIES				
Due to other governmental units and agencies	<u>\$ 401,125</u>	<u>\$ 10,183,964</u>	<u>\$ 10,581,900</u>	<u>\$ 3,189</u>
REGIONAL BOARD OF SCHOOL TRUSTEES FUND				
ASSETS				
Cash	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83</u>
LIABILITIES				
Due to other governmental units and agencies	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83</u>
CENTRAL ILLINOIS SCIENCE EDUCATORS (C.I.S.E.) FUND				
ASSETS				
Cash	<u>\$ 1,798</u>	<u>\$ 155</u>	<u>\$ 89</u>	<u>\$ 1,864</u>
LIABILITIES				
Due to other governmental units and agencies	<u>\$ 1,798</u>	<u>\$ 155</u>	<u>\$ 89</u>	<u>\$ 1,864</u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
CRIMINAL BACKGROUND CHECKS				
ASSETS				
Cash and cash equivalents	\$ -	\$ 41,391	\$ 29,003	\$ 12,388
Due from other governmental units and agencies	<u>16,532</u>		<u>16,532</u>	<u>-</u>
Total assets	<u><u>\$ 16,532</u></u>	<u><u>\$ 41,391</u></u>	<u><u>\$ 45,535</u></u>	<u><u>\$ 12,388</u></u>
LIABILITIES				
Due to other funds	\$ 7,255	\$ -	\$ 7,255	\$ -
Due to other governmental units and agencies	<u>9,277</u>	<u>41,391</u>	<u>38,280</u>	<u>12,388</u>
Total liabilities	<u><u>\$ 16,532</u></u>	<u><u>\$ 41,391</u></u>	<u><u>\$ 45,535</u></u>	<u><u>\$ 12,388</u></u>
ANSWERS				
ASSETS				
Cash	<u><u>\$ 683</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 683</u></u>	<u><u>\$ -</u></u>
LIABILITIES				
Due to other governmental units and agencies	<u><u>\$ 683</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 683</u></u>	<u><u>\$ -</u></u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents	\$ 2,564	\$ 10,225,198	\$ 10,210,550	\$ 17,212
Due from other governmental units and agencies	<u>417,657</u>	<u>312</u>	<u>417,657</u>	<u>312</u>
Total assets	<u><u>\$ 420,221</u></u>	<u><u>\$ 10,225,510</u></u>	<u><u>\$ 10,628,207</u></u>	<u><u>\$ 17,524</u></u>
LIABILITIES				
Due to other funds	\$ 7,255	\$ -	\$ 7,255	\$ -
Due to other governmental units and agencies	<u>412,966</u>	<u>10,225,510</u>	<u>10,620,952</u>	<u>17,524</u>
Total liabilities	<u><u>\$ 420,221</u></u>	<u><u>\$ 10,225,510</u></u>	<u><u>\$ 10,628,207</u></u>	<u><u>\$ 17,524</u></u>

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES

DISTRIBUTIVE FUND

For the Year Ended June 30, 2007

	Peoria School #150	Special Education Association	Area III Learning Technology Hub	Two Rivers Professional Development Center
General State Aid	\$ 323,080	\$ -	\$ -	\$ -
Special Education Association	-	5,010,021	-	-
School Bus Driver Training	-	-	-	-
Truants Alternative/Optional Education	-	-	-	-
ROE/ISC Operations	-	-	-	167,206
Supervisory Expense	-	-	-	-
Technology for Schools - Networks	-	-	253,594	-
Reading Improvement Block Grant	-	-	-	10,600
Other State Programs	-	-	-	375,000
Early Childhood - Block Grant	-	-	-	462,192
School Improvement	-	-	-	1,264,447
Title I Reading	-	-	-	271,189
Learn and Serve America	-	-	-	-
Math/Science Partnership	-	-	-	357,934
IDEA Improvement Grants Part D	-	-	-	238,830
Regional Safe Schools	261,642	-	-	-
Title II Teacher Quality Leadership Grant	-	-	-	137,228
TOTAL	\$ 584,722	\$ 5,010,021	\$ 253,594	\$ 3,284,626

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
SCHEDULE OF DISBURSEMENTS TO SCHOOL DISTRICT TREASURERS AND OTHER ENTITIES

DISTRIBUTIVE FUND

For the Year Ended June 30, 2007

	Perfect	TARGET	Regional Office of Education	Total
General State Aid	\$ -	\$ -	\$ -	\$ 323,080
Special Education Association	845,549	-	-	5,855,570
School Bus Driver Training	-	-	1,200	1,200
Truants Alternative/Optional Education	-	193,063	-	193,063
ROE/ISC Operations	-	-	-	167,206
Supervisory Expense	-	-	1,000	1,000
Technology for Schools - Networks	-	-	-	253,594
Reading Improvement Block Grant	-	-	-	10,600
Other State Programs	-	-	-	375,000
Early Childhood - Block Grant	-	-	-	462,192
School Improvement	-	-	-	1,264,447
Title I Reading	-	-	-	271,189
Learn and Serve America	-	-	7,000	7,000
Math/Science Partnership	-	-	-	357,934
IDEA Improvement Grants Part D	-	-	-	238,830
Regional Safe Schools	-	-	-	261,642
Title II Teacher Quality Leadership Grant	-	-	-	137,228
TOTAL	\$ 845,549	\$ 193,063	\$ 9,200	\$ 10,180,775

FEDERAL COMPLIANCE SECTION

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2007

Federal Grantor/ Program or Cluster Title	CFDA Number	Project # (1st Eight Digits) or Contract #	Pass-through Grantor	Federal Expenditures July 1, 2006 through June 30, 2007	Obligations/ Encumbrances	Final Status	Amount Provided to Subrecipients
U.S. DEPARTMENT OF EDUCATION							
Adult Education State Grant Program	84.002A	514AB	Illinois Community College Board	24,689	-	24,689	-
Title I Grants to Local Educational Agencies							
Title I - School Improvement and Accountability (*)	84.010A	2007-4331-SS	Illinois State Board of Education	1,379,956	11,375	1,391,331	1,292,676
Standards Aligned Classroom - Statewide							
Professional Development	84.010A	2006-4999-00	Regional Office of Education #11	69,030	-	69,030	-
Standards Aligned Classroom	84.010A	2007-4331-00	Regional Office of Education #11	128,392	-	128,392	-
Standards Aligned Classroom	84.010A	2007-4331-00	Regional Office of Education #11	83,389	-	83,389	-
Standards Aligned Classroom	84.010A	2007-4331-00	Regional Office of Education #9	5,000	-	5,000	-
Total Title I Grants to Local Educational Agencies				1,665,767	11,375	1,677,142	1,292,676
Education for Homeless Children and Youth	84.196A	2006-4920-00	Regional Office of Education #26	58,000	-	58,000	-
Education Technology State Grants							
Technology - Enhancing Education - Competitive	84.318X	2005-4972-00	Illinois State Board of Education	434	-	434	-
Special Education - State Personnel Development							
IDEA - Improvement Grants - Part D (*)	84.323A	2007-4631-RC	Illinois State Board of Education	370,244	7,000	377,244	-
Reading First State Grants							
Title I - Reading First Part B SEA Funds	84.357A	2007-4337-00	Regional Office of Education #39	24,679	-	24,679	-
Title I - Reading First Part B SEA Funds	84.357A	2007-4337-00	Illinois State Board of Education	257,101	-	257,101	-
Title I - Reading First Part B SEA Funds	84.357A	2007-4337-04	Illinois State Board of Education	16,571	-	16,571	-
Total Title I - Reading First State Grants				298,351	-	298,351	-
Mathematics & Science Partnerships	84.366B	2007-4936-00	Illinois State Board of Education	143,557	15,600	159,157	-
Improving Teacher Quality State Grants							
Title II - Teacher Quality Leadership Grant	84.367A	2007-4935-SS	Illinois State Board of Education	146,575	-	146,575	150,231
CORPORATION FOR NATIONAL AND COMMUNITY SERVICES							
Learn and Serve America	94.004	2007-4910-00	Illinois State Board of Education	7,000	-	7,000	-
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 2,714,617	\$ 33,975	\$ 2,748,592	\$ 1,442,907

(*) - Major Program

The accompanying notes are an integral part of this schedule.

PEORIA COUNTY REGIONAL OFFICE OF EDUCATION #48

NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

For the Year Ended June 30, 2007

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Peoria County Regional Office of Education #48 (ROE) and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented on this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

2. SUBRECIPIENTS

Of the federal expenditures presented in the schedule, ROE #48 provided federal awards to subrecipients as follows:

Title I – School Improvement and Accountability	84.010A	\$1,292,676
Title II – Teacher Quality Leadership	84.367A	<u>150,231</u>
		\$1,442,907

3. DESCRIPTION OF MAJOR FEDERAL PROGRAMS

The primary goals of the Title I School Improvement and Accountability program are to provide funds for programs that will help children who are both academically challenged and reside in areas with high concentrations of children with low income families meet academic standards. These activities can consist of instructional, counseling, or mentoring programs.

The IDEA Improvement Grants – Part D are designed to assist State educational agencies in reforming and improving their systems for personnel preparation and professional development of individuals providing early intervention, educational and transition services to children with disabilities.

4. NON-CASH ASSISTANCE

The Peoria County Regional Office of Education #48 did not receive any Federal awards involving non-cash assistance with continuing compliance requirements.

5. AMOUNT OF INSURANCE

The Peoria County Regional Office of Education #48 did not receive any Federal awards involving insurance with continuing compliance requirements.

6. LOANS OR LOAN GUARANTEES OUTSTANDING

The Peoria County Regional Office of Education #48 did not receive any Federal awards involving loans or loan guarantees with continuing compliance requirements.